GameStop Corp (NYSE:GME)

★☆☆☆☆[1] $ 5.01

Retail - Apparel & Specialty - Specialty Retail

Market Cap: $ 453 Mil

GameStop Corp is an multichannel video game retailer. It sells new and pre-owned video game hardware, physical and digital video game software and accessories through GameStop, EB Games and Micromania stores.

Ratios	Current	Industry Median	Historical Median
P/E (ttm)	N/A	16.88	9.45
Forward P/E	3.8	16.12	N/A
P/B	0.61	1.33	1.32
P/S	0.06	0.53	0.36
P/FCF	35.29	14.31	7.92
Shiller P/E	5.11	16.05	15.25
PEG	N/A	1.83	0.36

Valuation Analysis		% of Price
NCAV	-11.88	-237
Peter Lynch Value	-4.44	-89
Price	**5.01**	
Tangible Book	8.1	162
Median P/S	26.62	531

Dividend & Ownership	
Dividend Yield(ttm) %	22.77
Dividend Yield(forward) %	N/A
Payout	N/A
Dividend Growth(5y) %	6.1
Yield on Cost(5y) %	30.62
Continuous Div. since	2019
Insider Ownership %	6.49
Institution Ownership %	74.62

Financial Strength

Score: 5 /10	Current	Industry Median	Historical Median
Cash-to-Debt	0.36	0.49	1.06
Equity-to-Asset	0.27	0.44	0.52
Interest Coverage	3.34	10.87	22.93
F-Score	4	5	6

Profitability

Score: 5 /10	Current	Industry Median	Historical Median
Operating Margin (%)	2.25	3.32	6.75
Net Margin (%)	-14.39	1.91	4.04
ROE (%)	-76.32	5.06	14.82
ROA (%)	-27.67	2.30	7.79
ROC (Joel Greenblatt) (%)	-137.24	10.70	105.46

Growth (per share)

	10 Yr	5 Yr	1 Yr
Revenue Growth (%)	4.9	0.7	-7.2
EBITDA Growth (%)	N/A	N/A	-324.4
EBIT Growth (%)	0.2	-9.2	-53.2
EPS without NRI Growth (%)	N/A	N/A	N/A
Free Cash Flow Growth (%)	1.9	-11.2	-93.2
Book Value Growth (%)	0.9	-3.6	-61

Quarterly

	Jul18	Oct18	Jan19	Apr19	Jul19
Revenue	1501.1	2084.4	2620.2	1547.7	1285.7
Net Income	-24.9	-488.6	-187.7	6.8	-415.3
EPS	-0.24	-4.78	-1.84	0.07	-4.15
Revenue (YoY) %	-11.05	4.82	-7.25	-13.33	-14.35
Net Income (YoY) %	-212.16	-922.56	77.24	-75.89	1567.87
EPS (YoY) %	-209.09	-910.17	76.92	-75	1629.17

Warning Signs

SEVERE Sloan Ratio: Poor quality of earnings

SEVERE Revenue per Share: Declined

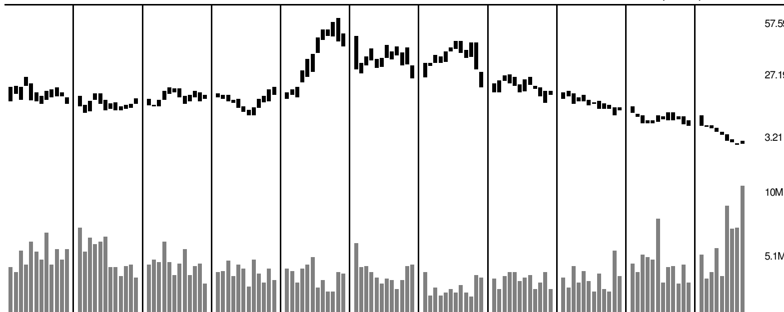
SEVERE Operating Margin %: Declined

Insider Trades

Insider	Position	Date	Trades	Cur. Shares
Vrabeck Kathy P	Director	09/24/19	20000	79327
Fernandez Raul J	Director	09/24/19	4900	38119
Szczepanski Gerald R	Director	09/23/19	40000	115527
Teffner Carrie W.	Director	09/20/19	21118	55469
Fernandez Raul J	Director	09/18/19	5250	33219

As of 09-24-2019

* All financial numbers are in millions except for per share data, ratios and percentage change.



	Gain(%)	SP500(%)
1W	15.40	-0.6
1M	37.53	3.5
3M	-7.38	0.9
6M	-51.96	3.3
YTD	-57.21	19.3
1Y	-65.01	2.5
3Y	-32.14	
5Y	-22.71	

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Current	Performance
32.42	25.46	28.21	27.83	57.59	49.65	47.44	33.38	26.52	19.96	15.98	Annual Price High
20.44	17.2	19.5	15.73	22.61	31.92	28.04	20.73	16	11.67	3.21	Annual Price Low
3256	3168	3249	2864	4107	3976	2765	2546	1703	1156	453	Market Cap
168	154	141	126	118	113	107	104	102	102	90	Sh. Outstanding-diluted(Mil)
8.8	8	9.7	--	11.6	10	6.9	7.1	48	--	--	Year End P/E
1.2	1.1	1.1	1.3	1.8	1.9	1.3	1.1	0.8	0.9	0.6	P/B
0.4	0.3	0.3	0.3	0.5	0.4	0.3	0.3	0.2	0.2	0.1	P/S
3.5	3.2	3.4	18	4.8	4.8	3.3	4.2	2.8	-0.6	-1.1	EV/EBITDA

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	TTM	Per Share Data
54.1	61.5	67.7	70.3	76.3	82.1	87.8	76.7	84.2	81.1	73.9	Revenue Per Share
2.3	2.7	2.4	-2.1	3	3.5	3.8	3.4	0.3	-6.6	-10.7	EPS
2.9	2.6	3.4	3.7	5.4	2.8	4.5	3.8	3.2	2.3	0.1	Free Cashflow Per Share
--	--	--	0.8	1.1	1.3	1.4	1.5	1.5	1.5	1.1	Dividends Per Share
3.1	4.3	5.9	6.1	5.5	3.9	2.6	0.2	7.6	9.2	8.1	Tang. Book Per Share
19.5	22.2	24.5	25.5	27.6	29.7	31.7	27.7	30.3	28.2	26.6	Median P/S Value
12.6	16	17.8	--	19.2	17.4	14.9	3.7	19.7	--	--	Graham Number

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	TTM	Income Statement
9078	9473.7	9550.5	8886.7	9039.5	9296	9363.8	7965	8547.1	8285.3	7538	Revenue
26.8	26.8	28.1	29.8	29.4	29.9	31.2	31.4	29.1	27.9	25.5	Gross Margin %
637	664.1	651.1	639.1	602.2	620.5	652.8	501.3	453	313.9	169.9	Operating Income
7	7	6.8	7.2	6.7	6.7	7	6.3	5.3	3.8	2.3	Operating Margin %
377.3	408	339.9	-269.7	354.2	393.1	402.8	353.2	34.7	-673	-1084.8	Net Income
4.2	4.3	3.6	-3	3.9	4.2	4.3	4.4	0.4	-8.1	-14.4	Net Margin %
15.1	14.5	11.5	-10.1	15.6	18.2	19.4	16.3	1.6	-37.9	-76.3	ROE %
8	8.1	6.9	-6.2	8.9	9.4	9.4	7.6	0.7	-14.8	-27.7	ROA %

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Jul19	Balance Sheet
905.4	710.8	655	374.4	536.2	610.1	450.4	669.4	854.2	1624.4	424	Cash & Equivalents
4955.3	5063.8	4847.4	3872.2	4091.4	4246.3	4330.3	4975.9	5041.6	4044.3	2987.9	Total Assets
447.3	249	--	--	1.6	350.6	345.4	815	817.9	471.6	943	Long-term Debt
2232.3	2167.9	1807.2	1585.9	1840	2178.6	2249.3	2721.8	2827.1	2708.1	2178.2	Total Liabilities
2723.2	2897.3	3042.1	2286.3	2251.4	2067.7	2081	2254.1	2214.5	1336.2	809.7	Total Stockholders Equity

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	TTM	Cashflow Statement
644.2	591.2	641.8	610.2	762.7	480.5	656.8	537.1	434.9	325.1	108.3	Cashflow from Operations
-187.2	-240.1	-201.6	-152.7	-207.5	-235.9	-444.6	-577.4	-60.6	635.5	631.1	Cashflow from Investing
-58.4	-381.2	-262.1	-409.4	-258.3	-331.1	-194.3	-71.5	-25.5	-5.1	--	Repurchase of Stock
-100	-200	-250	--	-31.8	350	-2.2	474.6	-21.8	-12.2	-404.5	Net Issuance of Debt
-154.4	-555.6	-492.6	-498.5	-350.6	-131.2	-346.2	238.7	-202.5	-174.7	-587.1	Cashflow from Financing
302.6	-204.5	-52.4	-41	204.6	113.4	-134	198.4	171.8	785.9	152.3	Net Change in Cash
480.4	393.6	476.7	470.6	637.1	320.9	483.6	394.4	321.5	231.4	13.5	Free Cash Flow

Competitor

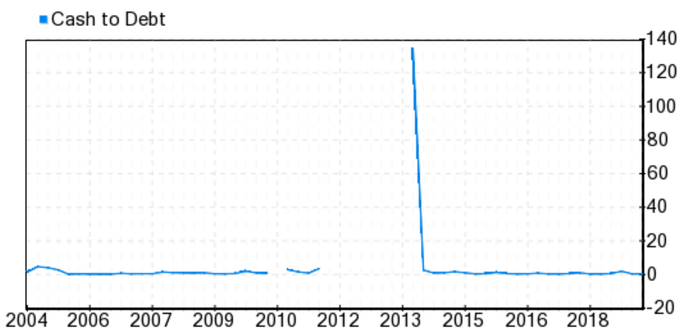
Ticker	Company	Financial Strength	Profitability	Market Cap($M)	P/E	P/S	Operating Margin(%)	ROA(%)	ROE(%)
SZSE:300100	Ningbo Shuanglin Auto Parts Co Ltd	5	7	467	0.00	0.72	7.46	-3.02	-7.82
LSE:AO.	AO World PLC	6	2	463	0.00	0.40	-1.68	-5.88	-21.87
ISX:ERAA	PT Erajaya Swasembada Tbk	6	7	458	13.11	0.20	3.35	4.34	11.50
NYSE:GME	**GameStop Corp**	**5**	**5**	**453**	**0.00**	**0.06**	**2.25**	**-27.67**	**-76.32**
XSWX:MOZN	Mobilezone Holding AG	6	6	444	10.08	0.32	4.42	11.02	255.04

Financial Strength[2] (Quarterly data, as of Jul. 2019) : Fair (5/10)

0 1 2 3 4 **5** 6 7 8 9

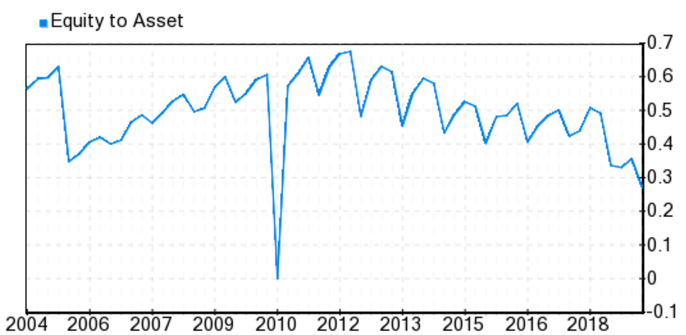
Cash to Debt : 0.36

Cash to Debt Ratio measures the financial strength of a company. It is calculated as a company's cash, cash equivalents, and marketable securities divide by its debt. A high ratio indicates that a company is better able to pay back its debt, and is thus able to take on more debt if necessary.



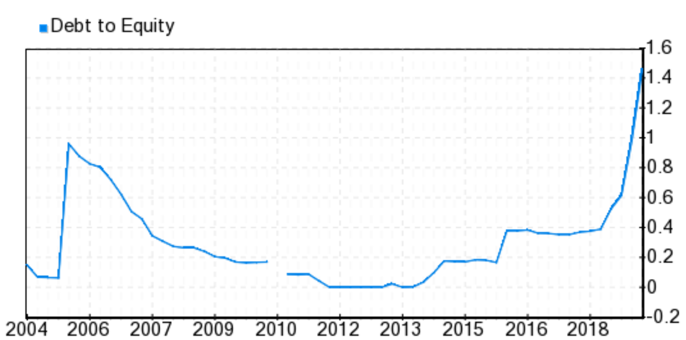
Equity to Asset : 0.27

Equity to Asset ratio is calculated as shareholder's tangible equity divided by its total asset. Equity to Asset ratio can vary greatly across different industries, as they have different capital structure. A company with smaller Equity to Asset ratio (more leveraged) may have higher ROE % because of the leverage.



Debt to Equity : 1.46

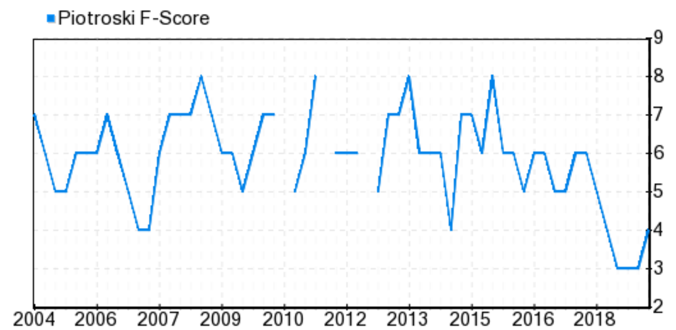
Debt to Equity measures the financial leverage a company has. A high debt to equity ratio generally means that a company has been aggressive in financing its growth with debt. This can result in volatile earnings as a result of the additional interest expense.



Piotroski F-Score : 4

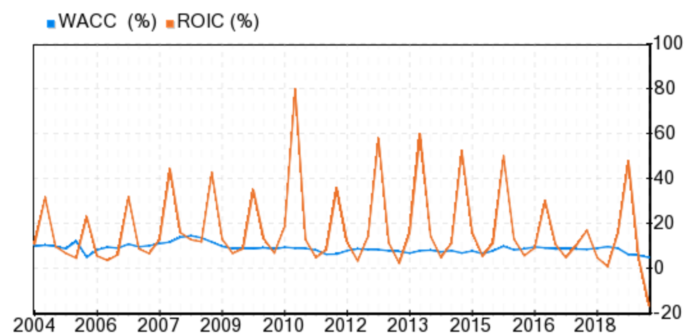
The Piotroski score is used to determine the strength of a firm's financial position, with 9 being the best and 0 being the worst.

0 1 2 3 **4** 5 6 7 8 9



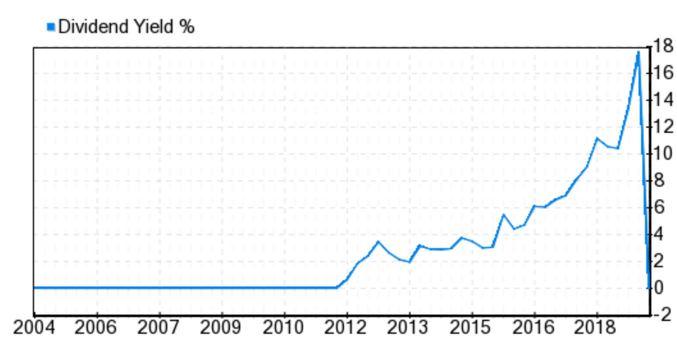
WACC : 4.23% vs ROIC : 9.42%

The weighted average cost of capital (WACC) is the rate that a company is expected to pay on average to all its security holders to finance its assets. Return on invested capital (ROIC) measures how well a company generates cash flow relative to the capital it has invested in its business.



Dividend Yield : 0.00%

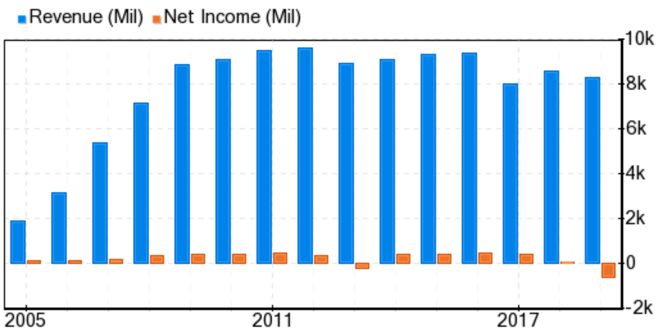
Dividend yield is a way to measure how much cash flow you are getting for each dollar invested in an equity position.



Profitability[3] (Annual data, as of Jan. 2019) : Fair (5/10)

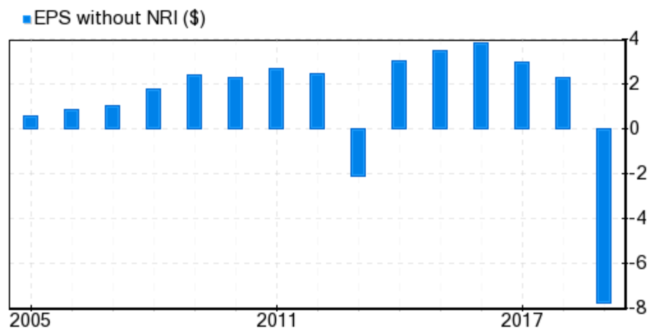
Revenue : $1,286 Mil vs Net Income : $-415 Mil

Revenue is the amount of money that a company actually receives during a specific period, including discounts and deductions for returned merchandise. Net Income is a company's total profit. Net income is calculated by taking revenues and adjusting for the cost of doing business, depreciation, interest, taxes and other expenses.



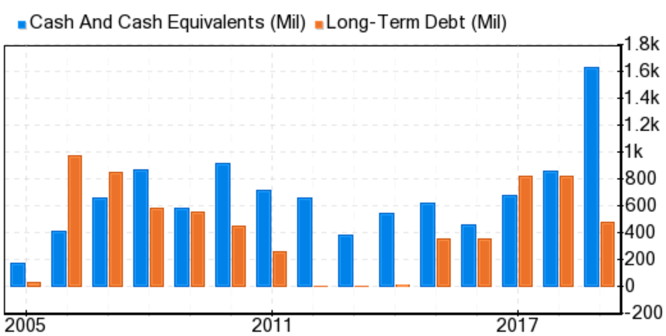
EPS without NRI : $-4.14

Earnings Per Share without Non-Recurring Items is the amount of earnings without non-recurring items per outstanding share of the company's stock. In calculating earnings per share without non-recurring items, the dividends of preferred stocks and Non Operating Income need to subtracted from the total net income first.



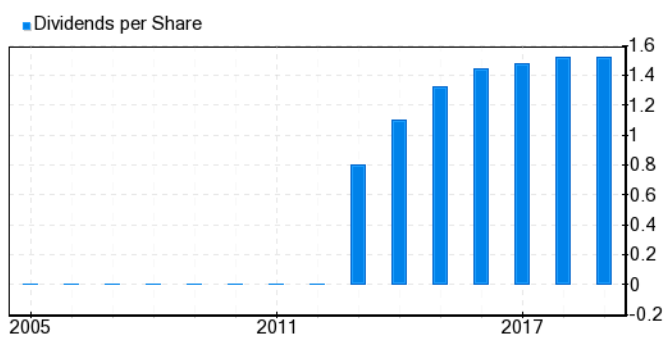
Cash & Equivalents : $424 Mil vs Long-Term Debt : $943 Mil

Cash equivalents are investments securities that are for short-term investing, and they have high credit quality and are highly liquid. Long-term debt consists of loans and financial obligations lasting over one year.



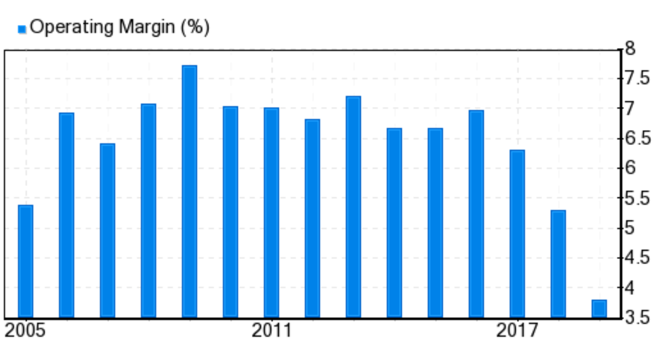
Dividend per Share : $0.00

Dividend per Share is the amount of dividends that the shareholders of a company receive on a per-share basis. It is calculated using the total dividends paid out to shareholders over one fiscal year and the number of shares outstanding.



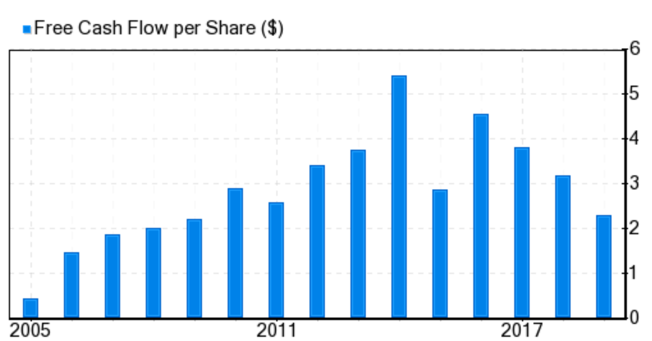
Operating Margin : -6.44%

Operating margin measures how much profit a company makes on a dollar of sales. Operating Margin % is calculated as Operating Income divided by its Revenue.



Free Cash Flow Per Share : $-0.04

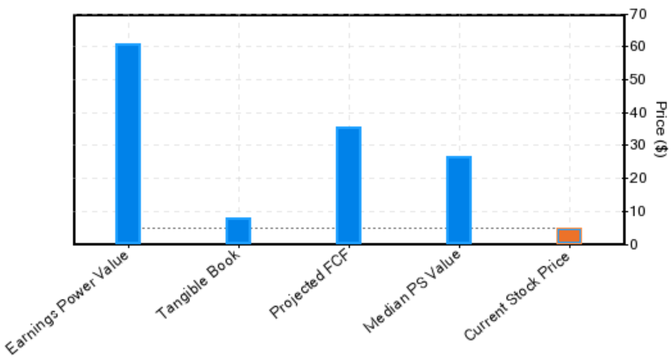
Free Cashflow per Share is the amount of Free Cashflow per outstanding share of the company's stock.



Valuation (Quarterly data, as of Jul. 2019)

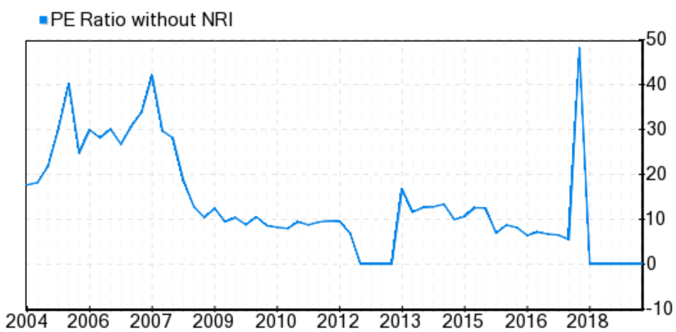
These valuation metrics should give you a sense of reasonable prices, but be careful with them. Always seek to understand why a valuation is changing over time.

Valuation Chart (Current stock price : $5.01)



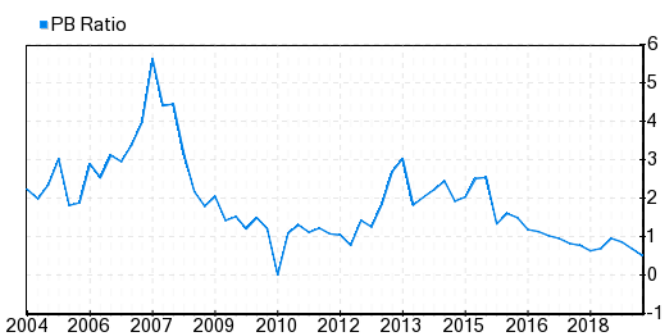
PE Ratio without NRI : 0.00

The price-to-earnings ratio can be affected by Non Operating Income such as the sale of part of businesses. This may increase for the current year or quarter dramatically. But it cannot be repeated over and over. Therefore P/E (NRI) is a more accurate indication of valuation than Non Operating Income PE Ratio.



PB Ratio : 0.50

The Price-to-Book Ratio measures the valuation of the stock relative to the underlying asset of the company.

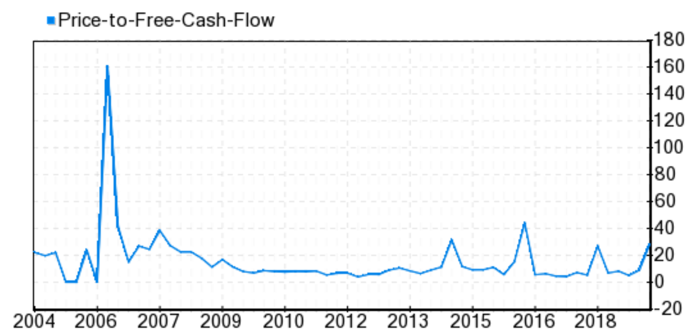


PS Ratio : 0.05

The price-to-sales ratio is a valuation ratio that compares a company's stock price to its revenues. The price-to-sales ratio is an indicator of the value placed on each dollar of a company's sales or revenues.

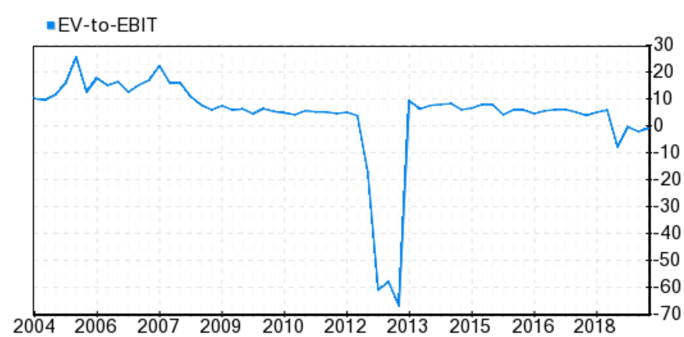
Price-to-Free-Cash-Flow : 28.31

Price to free cash flow is very similar to the valuation metric of price to cash flow but is considered a more exact measure, owing to the fact that it uses free cash flow, which subtracts capital expenditures from a company's total operating cash flow, thereby reflecting the actual cash flow available to fund non-asset-related growth.



EV-to-EBIT : -0.97

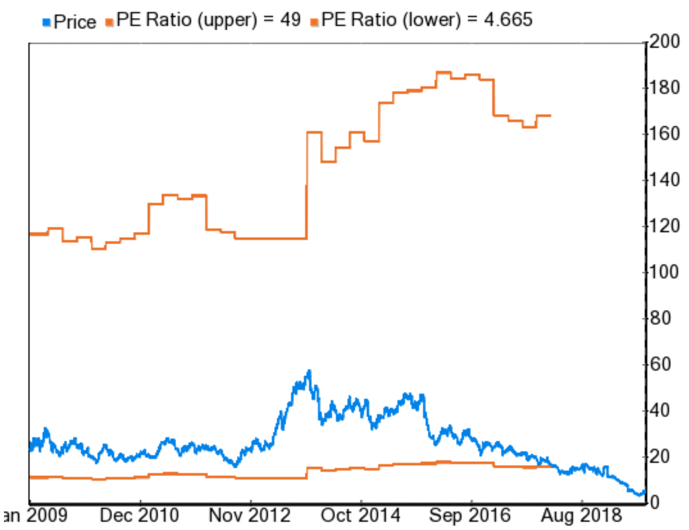
Enterprise value of a company divided by its Earnings Before Interest Taxes (TTM).



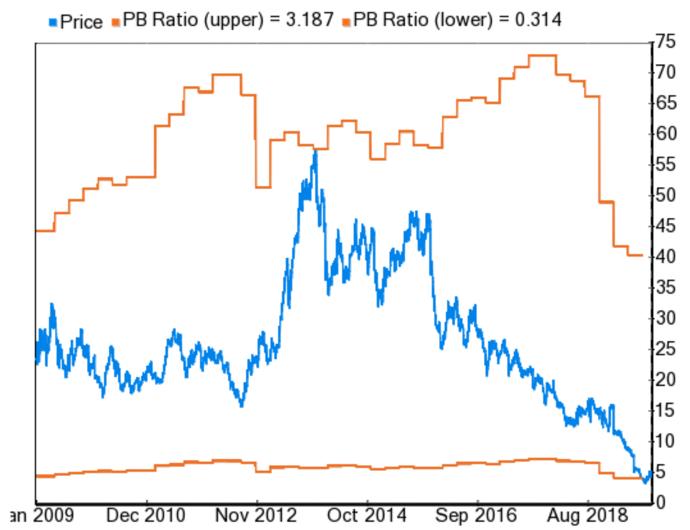
Valuation Bands

In these charts the 15-year valuation bands of the price/earnings ratio (PE), price/book ratio (PB), price/sales ratio (PS) and price/operating-cash-flow ratio (POCF) are drawn together with the historical stock prices. For example, the upper line of the PE band is where the stock price would have been if it were always traded at the maximum PE ratio of the past 15 years. The lower line of the PE band is where the stock price would have been if it were always traded at the lowest PE ratio of the past 15 years. It is always better if the stock price is close to the lower line, which indicates a lower valuation.

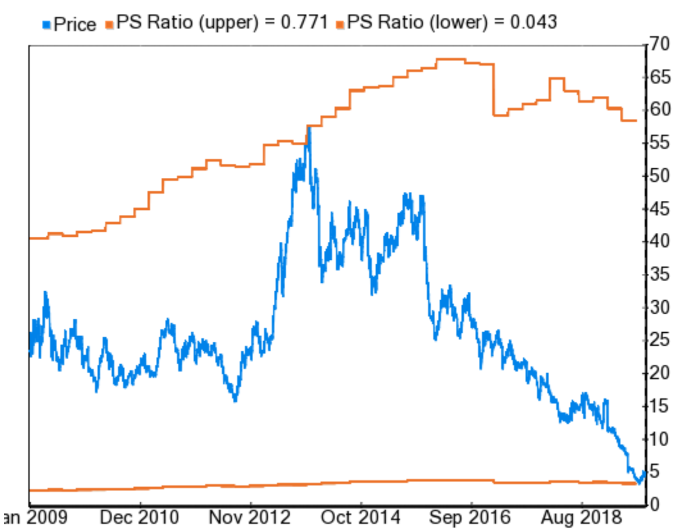
Historical Price and PE Band



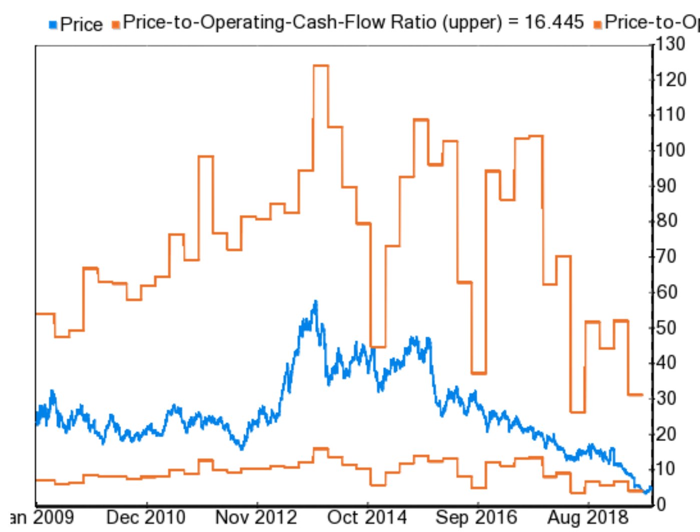
Historical Price and PB Band



Historical Price and PS Band



Historical Price and Price-to-Operating-Cash-Flow Band



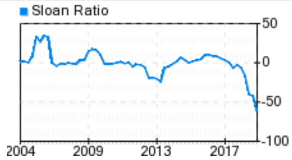
Warning Signs

GuruFocus conducted a thorough checkup using a checklist of 32 items that cover the areas of financial strength, profitability, growth, and valuation of each company. The purpose of Warning Signs is to warn you that the company may have red flags in certain areas, helping to avoid overlooking them. These warning signs do not necessarily mean you should not invest in the stock. But you should be aware of them before you invest.

Severe Warning Signs

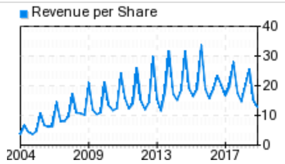
Sloan Ratio : Poor quality of earnings

When Sloan Ratio (-40.39)% higher than 25% or lower than -25%, earnings are more likely to be made up of accruals.



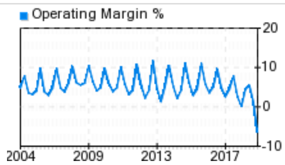
Revenue per Share : Declined

GameStop Corp revenue per share has been in decline over the past 3 years.



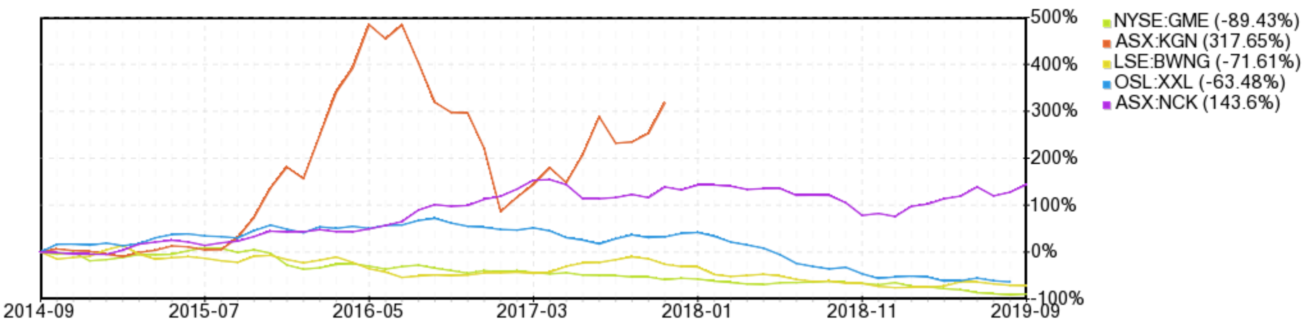
Operating Margin % : Declined

GameStop Corp operating margin has been in 5-year decline. The average rate of decline per year is -9.8%.



Competitive Comparison

5 Year Price Change Comparison



Financial Strength

	Company	Financial Strength	Cash-to-Debt	Equity-to-Asset	Debt-to-Equity	Interest Coverage	Piotroski F-Score	Altman Z-Score	Beneish M-Score	WACC%	ROIC%
ASX:KGN	Kogan.com Ltd	8/10	40.24	0.43	0.01	21.81	3	4.89	0.00	10.08	49.36
ASX:NCK	Nick Scali Ltd	8/10	1.08	0.49	0.40	55.57	6	7.46	-2.89	6.69	50.04
NAS:RUHN	Ruhnn Holding Ltd	7/10	18.61	0.81	0.04	N/A	0	6.25	0.00	0.00	0.00
LSE:AO.	AO World PLC	6/10	0.76	0.23	0.43	0.00	0	2.75	-1.73	1.82	-22.39
NAS:SECO	Secoo Holding Ltd	5/10	0.50	0.35	1.08	2.34	3	2.42	0.00	0.00	9.57
NYSE:GME	**GameStop Corp**	**5/10**	**0.36**	**0.27**	**1.46**	**3.34**	**4**	**1.91**	**-2.71**	**4.23**	**9.42**
LSE:BWNG	Brown (N) Group PLC	5/10	0.09	0.31	1.64	6.61	1	2.09	-2.63	4.10	12.60
TSX:BCI	New Look Vision Group Inc	5/10	0.07	0.36	1.17	2.37	6	2.47	-2.62	3.96	5.59
OSL:XXL	XXL ASA	4/10	0.02	0.35	1.40	3.14	4	1.32	0.00	4.65	3.78
NYSE:HOME	At Home Group Inc	4/10	0.01	0.29	2.12	3.10	5	0.76	-2.48	6.26	4.33

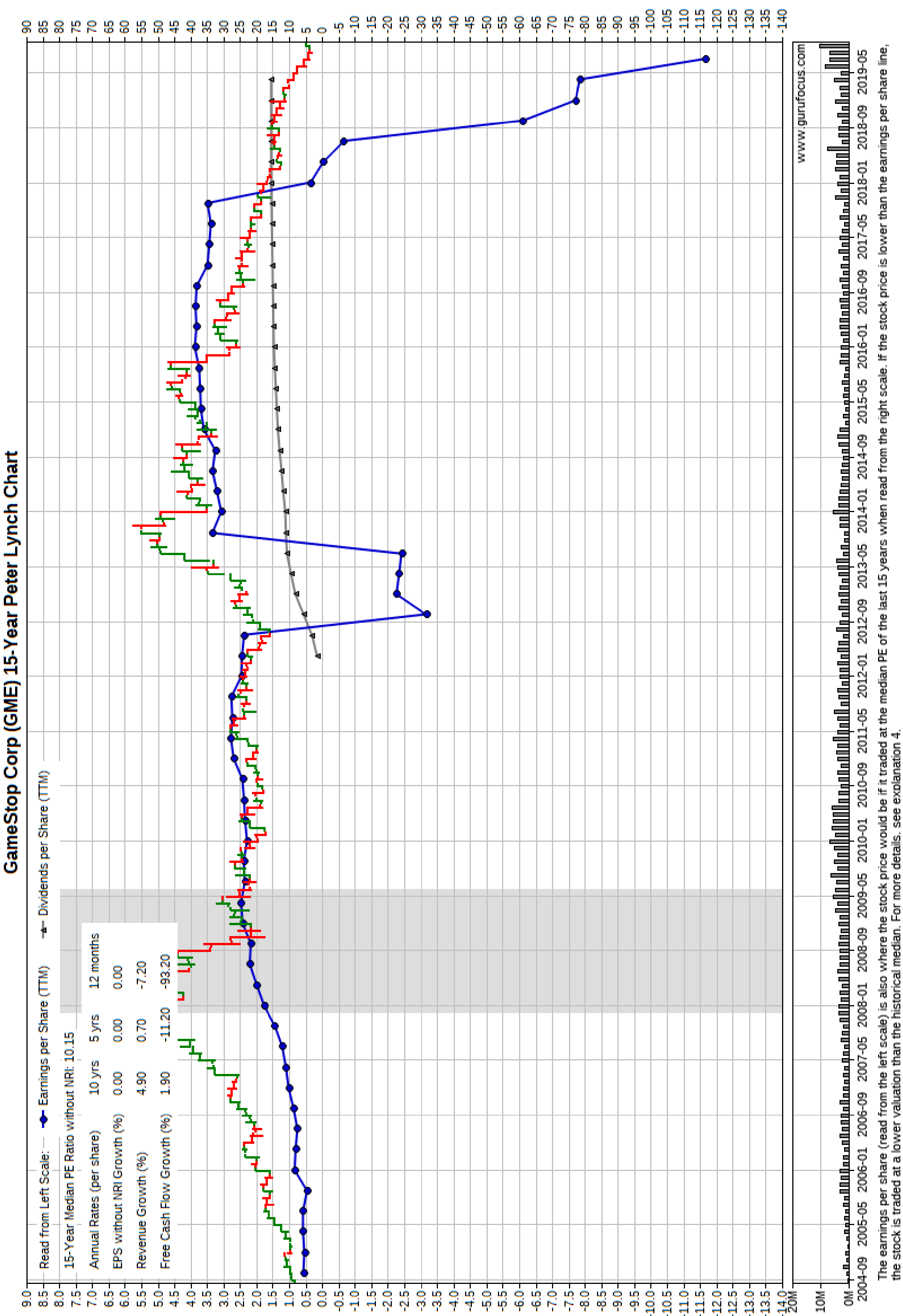
Profitability

	Company	Profitability	Operating Margin	Net Margin	ROE%	ROA%	Price-to-Free-Cash-Flow	ROC% (Joel Greenblatt)	3-Year Revenue Growth%	3-Year EBITDA Growth%	3-Year EPS without NRI Growth%
ASX:NCK	Nick Scali Ltd	9/10	21.83	15.71	49.02	24.44	14.46	65.95	9.70	14.00	17.20
TSX:BCI	New Look Vision Group Inc	8/10	7.80	5.74	12.87	4.49	15.49	62.68	13.70	11.80	10.70
NYSE:HOME	At Home Group Inc	7/10	7.47	5.12	8.71	3.07	0.00	7.59	20.10	10.40	41.70
OSL:XXL	XXL ASA	6/10	3.53	1.91	4.77	2.00	5.73	7.70	13.70	-10.00	-17.60
NYSE:GME	**GameStop Corp**	**5/10**	**2.25**	**-14.39**	**-76.32**	**-27.67**	**35.29**	**-137.24**	**-2.60**	**0.00**	**0.00**
LSE:BWNG	Brown (N) Group PLC	5/10	10.71	-6.38	-15.51	-5.68	0.00	-6.88	1.60	0.00	0.00
ASX:KGN	Kogan.com Ltd	3/10	3.02	4.01	35.58	14.89	0.00	171.23	0.00	0.00	0.00
NAS:SECO	Secoo Holding Ltd	2/10	3.37	2.29	9.63	4.07	0.00	14.70	41.60	0.00	0.00
LSE:AO.	AO World PLC	2/10	-1.68	-1.94	-21.87	-5.88	0.00	-67.32	11.10	-79.20	-37.90
NAS:RUHN	Ruhnn Holding Ltd	1/10	-13.98	-12.81	-72.08	-15.86	0.00	-97.82	0.00	0.00	0.00

Valuation

	Company	PE Ratio	PB Ratio	Price-to-Tangible-Book	Price-to-Intrinsic-Value-Projected-FCF	Price-to-Intrinsic-Value-DCF (Earnings Based)	Price-to-Median-PS-Value	Price-to-Peter-Lynch-Fair-Value	Price-to-Graham-Number	Earnings Yield (Greenblatt) %	Forward Rate of Return (Yacktman) %
NAS:RUHN	Ruhnn Holding Ltd	0.00	3.47	3.82	0.00	0.00	1.88	0.00	0.00	-3.29	0.00
LSE:AO.	AO World PLC	0.00	4.21	8.67	0.00	0.00	0.46	0.00	0.00	-4.80	0.00
LSE:BWNG	Brown (N) Group PLC	0.00	1.02	1.91	1.22	0.00	0.35	0.00	0.00	-5.44	-6.88
NYSE:GME	**GameStop Corp**	**0.00**	**0.61**	**0.62**	**0.14**	**0.00**	**0.19**	**0.00**	**0.00**	**-98.65**	**75.95**
NYSE:HOME	At Home Group Inc	9.56	0.73	2.25	0.00	0.00	0.34	0.00	0.98	3.98	0.00
ASX:NCK	Nick Scali Ltd	13.77	6.81	7.06	1.65	0.49	1.29	0.55	2.08	10.52	23.32
NAS:SECO	Secoo Holding Ltd	17.16	1.58	1.65	0.00	0.00	0.67	0.00	1.12	7.71	0.00
OSL:XXL	XXL ASA	18.04	0.84	4.16	0.78	0.00	0.25	0.00	1.83	3.74	0.88
TSX:BCI	New Look Vision Group Inc	29.73	3.69	0.00	1.22	2.78	1.02	3.19	0.00	5.02	14.10
ASX:KGN	Kogan.com Ltd	34.61	11.46	13.50	0.00	0.00	1.15	0.00	4.60	4.29	0.00

Peter Lynch Chart[4]



Explanation

1. Predictability Rank

GuruFocus Predictability Rank is a proprietary ranking of the consistency of a business. We rank the predictability of companies based on the consistency of their revenue per share and EBITDA (earnings before interest, tax, depreciation and amortization) per share over the past 10 fiscal years. Our study found that there is a strong correlation between the stock performance and the predictability of a business. Over the long term, companies with higher predictability also have better stock performance.

The rank is from 1-star to 5-star, with 5-star as the best.

2. Financial Strength

GuruFocus Financial Strength Rank measures how strong a company's financial situation is. It is based on these factors:

1. The debt burden that the company has as measured by its Interest Coverage (current year). The higher, the better.
2. Debt to revenue ratio. The lower, the better.
3. Altman Z-Score.

The rank is from 1 to 10, with 10 as the highest.

A Financial Strength rank of 7 or above indicates good financial strength; between 4-6 indicates fair financial strength; 3 or below means poor financial strength.

3. Profitability Rank

GuruFocus Profitability Rank indicates how profitable a company is and how likely it is that the company's business will stay that way. It is based on these factors:

1. Operating Margin percentage
2. Piotroski F-Score.
3. Trend of the Operating Margin percentage (five-year average). A company with an uptrend in profit margin will have a higher rank.
4. Consistency of the profitability.
5. Predictability Rank.

The rank is from 1 to 10, with 10 as the highest.

A Profitability Rank of 7 or above indicates good financial strength; between 4-6 indicates fair financial strength; 3 or below means poor financial strength.

4. Peter Lynch Chart

In his excellent book, "One Up on Wall Street," Peter Lynch used many charts to illustrate the valuation of stocks. *“A quick way to tell if a stock is overpriced is to compare the price line to the earnings line. If you bought familiar growth companies – such as Shoney’s, The Limited, or Marriott – when the stock price fell well below the earnings line, and sold them when the stock price rose dramatically above it, the chances are you’d do pretty well.”*

The original Peter Lynch Chart does have limitations due to the right side price scale is pre-set at 15 times the earnings scale on the left side. When the stock price and earnings line coincide, the price/earnings ratio is always 15 times. Instead of using the fixed P/E ratio 15, our approach is using 15-year historical median P/E ratio for each stock.

The peter Lynch Chart with earnings line at median P/E ratio works well for the companies with steady growth and earnings trends, or the stalwarts, as coined by Lynch. These companies tend to be found in sectors such as consumer staples, healthcare, and utilities, where the consumption of the product or service is relatively independent of economic conditions. It does not work well with the sectors that are cyclical: industrials, chemicals, durable goods, and so forth.

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