

# GameStop®

POWER TO THE PLAYERS®

## Q4 / Full Year 2015 Earnings

March 24, 2016

**GameStop**  
POWER TO THE PLAYERS

**ES GAMES**

**KONGREGATE**

**gameinformer**

**MICROMANIA**

**simply·mac**

**springmobile**

**THINKGEEK**

# Safe Harbor

This press release 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 first quarter and fiscal 2016, future financial and operating results, 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 in an acquisition agreement for one of these acquisitions or complete either of the acquisitions on the terms assumed, or at all; risks associated with achievement of anticipated financial and operating results from acquisitions; the risks associated with international operations, wireless industry partnerships and operations and the completion and integration of acquisitions; the impact of increased competition and changing technology in the video game industry, including browser and mobile games and alternative methods of distribution; 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 for the fiscal year ended Jan. 31, 2015 filed with the SEC and available at the SEC's Internet site at <http://www.sec.gov> or <http://investor.GameStop.com>.

# GameStop is a Global Specialty Retailer

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

**Video Games**

#1 Market Share in 13 countries

\$13B addressable US market



**GameStop**  
**POWER UP**  
REWARDS™

**gameinformer**

**Digital/Mobile Gaming**

\$1B Digital Business

\$8B addressable US market



**DLC**

**KONGREGATE**

Top 10 Mobile Publisher

**Technology Brands**



AT&T

Largest & fastest Growing AT&T Wireless Retailer

**simply·mac**  
Apple Specialist

Largest Apple Authorized Reseller



AT&T National Dealer

**Collectibles**

\$11B addressable US market



**THINKGEEK**  
GEEK OUT.

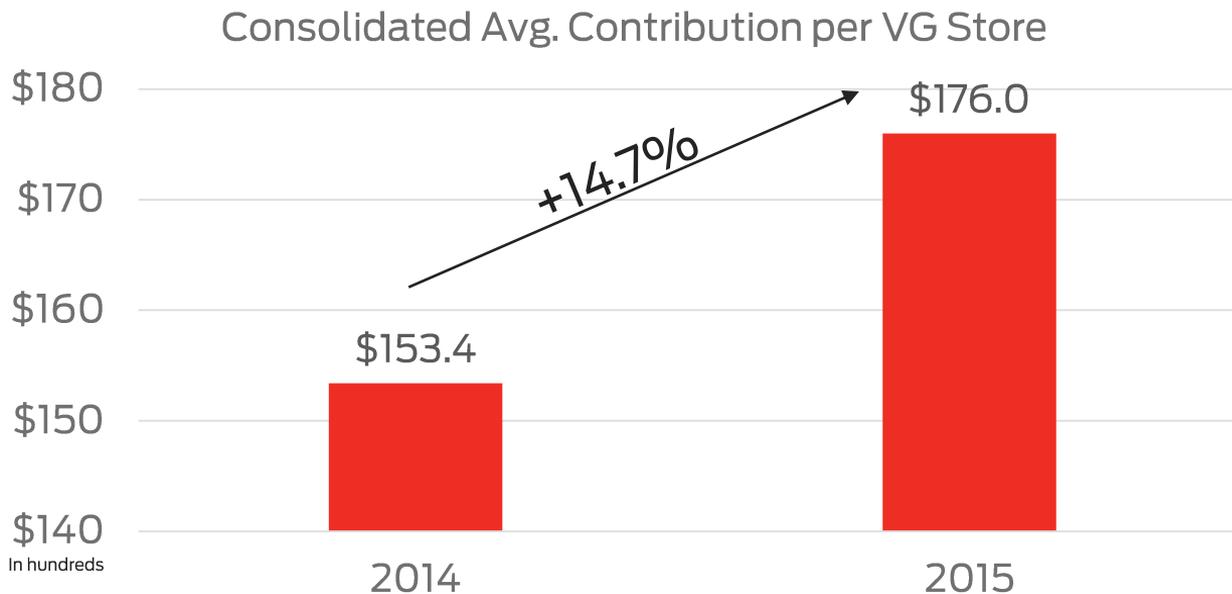


# 2015 Highlights

- Record earnings, gross profit and gross margin rates
  - Net income for the year was a new record of \$415.6 million, excluding one-time charges.
  - Gross profit was a record \$2.92 billion with a record gross margin of 31.2%.
  - Third consecutive year of positive comps.
- Tech Brands operating earnings increased 80% from \$10 million in Q4 last year to \$18 million, excluding one-time charges in Q4 this year.
- Exceeded our collectibles target of \$300 million for the year with \$309.7 million in sales.
- Repurchased \$202.0 million in stock, or 5.2 million shares at an average price of \$38.68, and paid out \$154 million in dividends.

# Transforming Inside the Store

## GameStop branded store four wall profit growth



Per store profits increased significantly despite a 3% industry decline in new software\* and digital penetration of approximately 20%.

# 2015 Overview

## Consolidated Performance Summary

	Q4 2015	FY 2015
Total Sales	\$3,525.0M +1.4%	\$9,363.8M +0.7%
Total Sales (Non-GAAP)	\$3,868.8M	\$10,229.8M
Comp SSS	+3.1%	+4.3%
Gross Margin	\$1,043.2M 29.6%	\$2,918.3M 31.2%
Operating Earnings	\$381.9 -1.0%	\$648.2 +4.8%
Net Income (Non-GAAP)	\$251.6M +6.8%	\$415.6M +5.9%
EPS (Non-GAAP)	\$2.40 +11.6%	\$3.90 +12.4%

# Q4 / Full Year 2015 Sales Category Highlights

	Q4 2015	FY 2015
New hardware	\$822.0M +1.6%; +6.2%*	\$1,944.7M -4.1%; +0.8%*
New software	\$1,149.8M -10.8%; -6.7%*	\$2,905.1M -6.0%; -0.8%*
Pre-owned/Value	\$729.3M +0%; +3.0%*	\$2,374.7M -0.6%; +3.3%*
Accessories	\$288.7M +7.6%; +11.5%*	\$703.0M +7.6%; +12.4%*
Digital	\$60.7M +14.5%; +20.4%*	\$188.3M -12.9%; -7.7%*
Non-GAAP Digital	\$404.5M +9.7%; +13.4%*	\$1,054.3M +11.2%; +16.3%*
Mobile & Consumer Electronics	\$208.6M +16.9%; +17.1%*	\$652.8M +25.8%; +26.4%*
Other	\$265.9M +77.4%; +85.4%*	\$595.2M +48.7%; +57.2%*
Total Sales	\$3,525.0M +1.4%; +5.3%*	\$9,363.8M +0.7%; +5.4%*

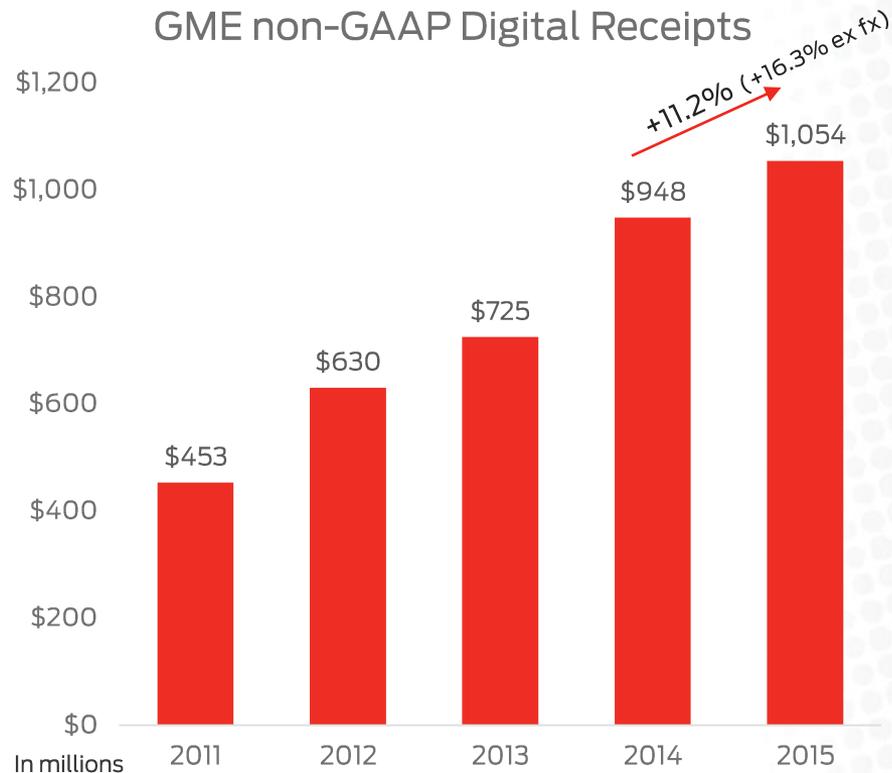
\*Excludes the impact of currency

# Q4 / Full Year 2015 Gross Profit by Category

	Q4 2015	FY 2015
New hardware	\$66.3M 8.1%	\$175.5M 9.0%
New software	\$274.0M 23.8%	\$689.3M 23.7%
Pre-owned/Value	\$339.5M 46.6%	\$1,114.5M 46.9%
Accessories	\$103.6M 35.9%	\$255.5M 36.3%
Digital	\$49.9M 82.2%	\$149.6M 79.4%
Mobile & Consumer Electronics	\$118.1M 56.6%	\$328.6M 50.3%
Other	\$91.8M 34.5%	\$205.3M 34.5%
Total Gross Profit Gross Margin	\$1043.2M 29.6%	\$2,918.3M 31.2%

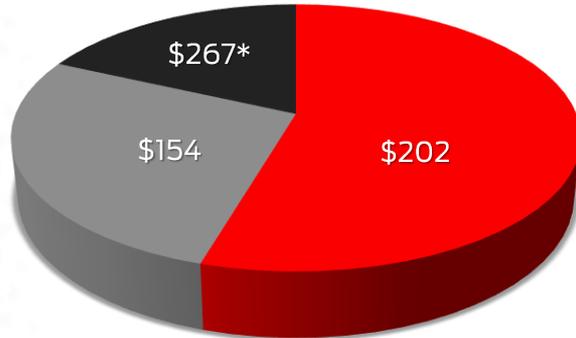
# GameStop Digital

- GameStop is driving digital growth through multiple channels:
  - Downloadable content
  - Platform currency
  - Full game downloads
  - Mobile gaming
- Proprietary platform to drive discovery and delivery of digital content
- 60% of digital purchases are paid for with cash, trade credits or gift cards
- 95%+ of GameStop's digital sales occur within its physical stores
- Only 20% of gamers surveyed said they would purchase a new AAA FGD\*



# 2015 Uses of Cash

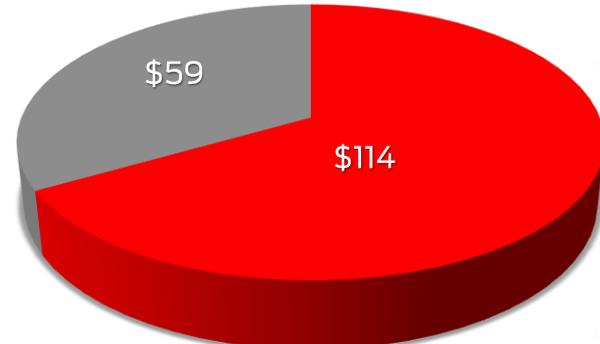
2015 Capital Deployment:  
\$484 million of FCF



In millions

■ Dividend   ■ M&A   ■ Buyback

2015 Capital Expenditures:  
\$173 million



In millions

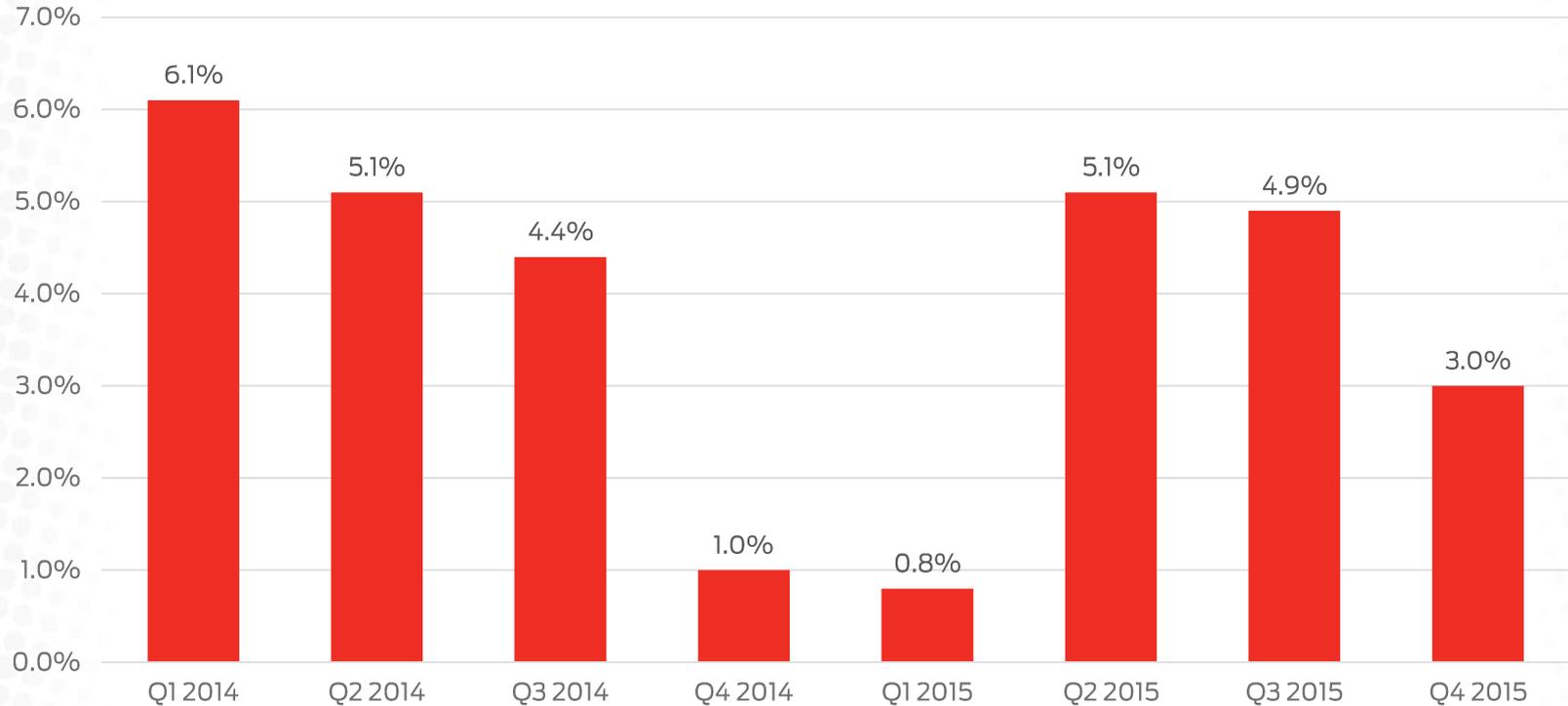
■ Tech Brands   ■ Core Global GME

# 2016 Guidance

	Q1 2016	FY 2016
Total Sales	-7.0% to -4.0%	0.0% to 3.0%
Same Store Sales	-9.0% to -7.0%	-3.0% to 0.0%
Operating Margin	5.0% to 5.5%	7.0% to 7.3%
Income Tax Rate	35.5% to 36.5%	35.5% to 36.5%
Net Income (in millions)	\$60.5 to \$66.0	\$407.0 to \$423.0
Shares Outstanding	104,500,000	104,500,000
EPS	\$0.58 to \$0.63	\$3.90 to \$4.05
Free cash flow* (in millions)		\$400 to \$500

\* Free cash flow is defined as cash flow from operations less cash flows from investing activities excluding acquisitions

# Quarterly Pre-Owned Growth Excluding Currency

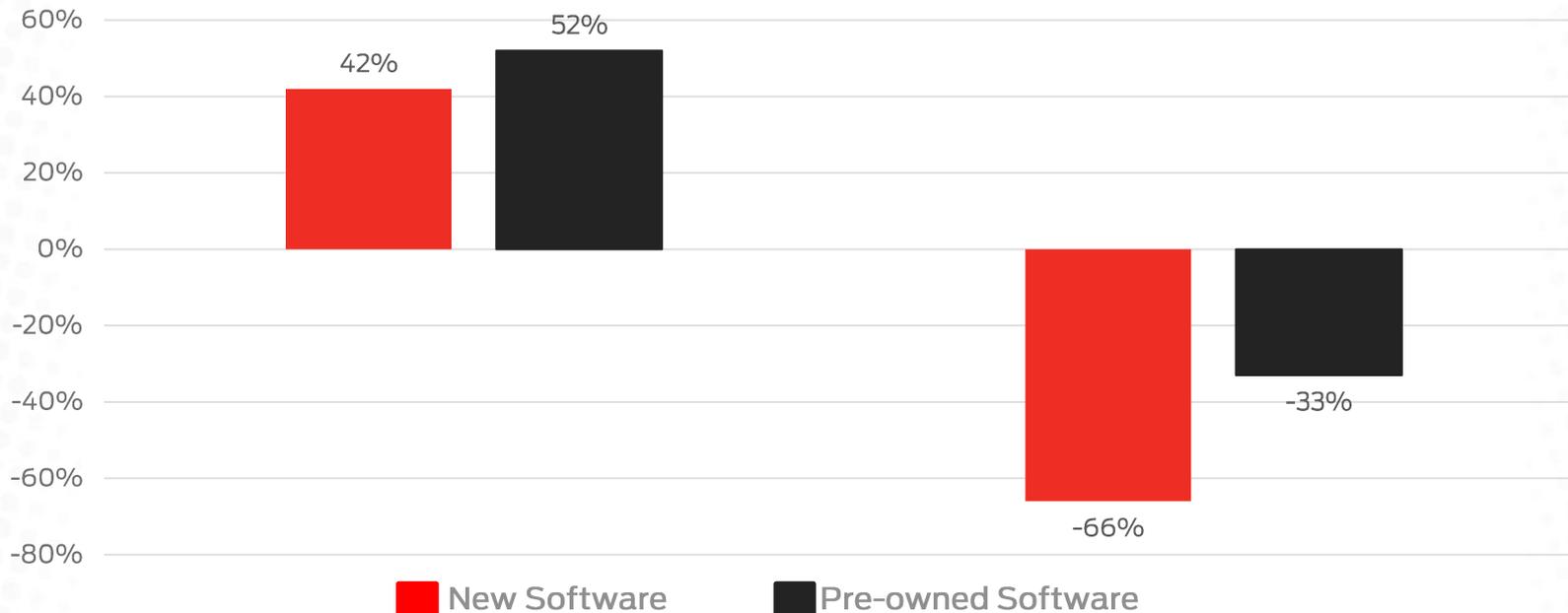


# New & Pre-owned Software Growth by Generation

Q4 2015

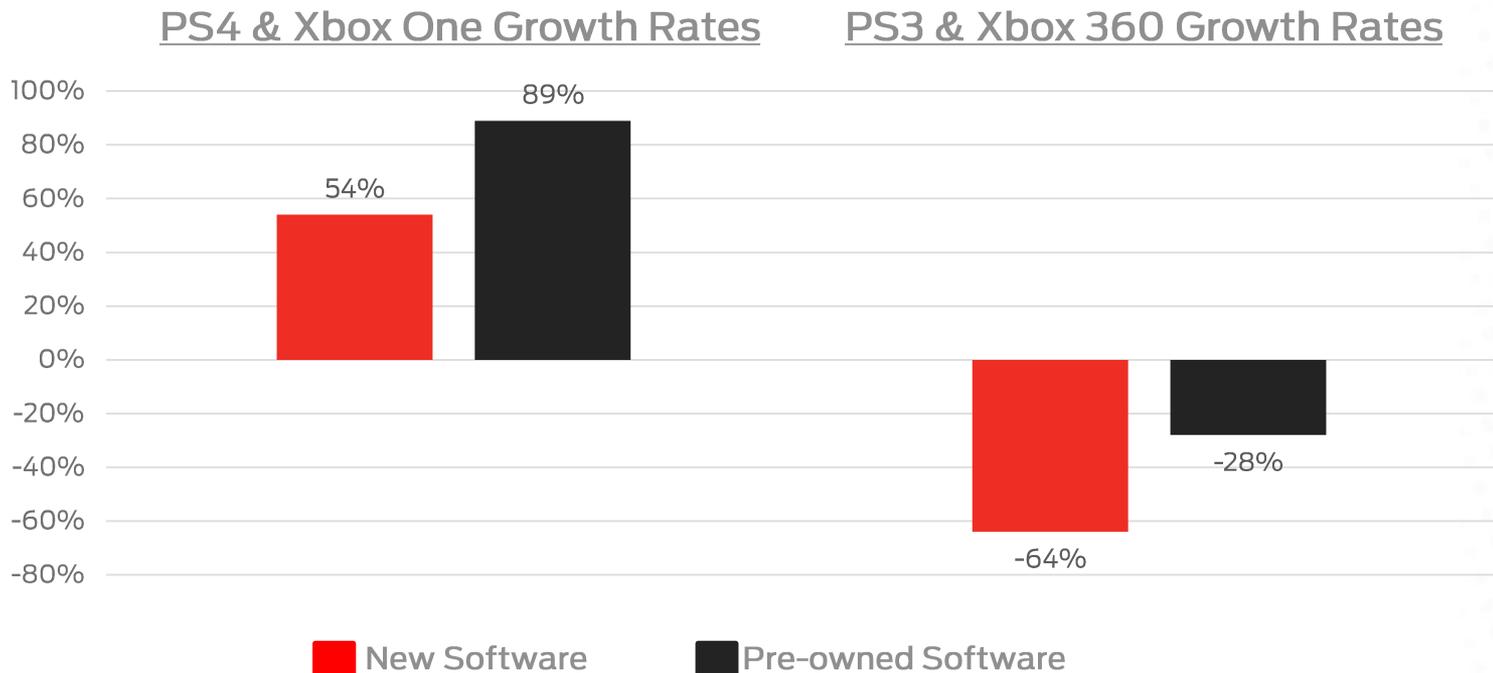
## PS4 & Xbox One Growth Rates

## PS3 & Xbox 360 Growth Rates



# New & Pre-owned Software Growth by Generation

Full Year 2015



# Collectibles Business

Fast growing, video game and pop culture retail category with sales of over \$300 million in fiscal 2015

- GameStop has a long history of selling licensed merchandise:
  - *Pokemon*, McFarlane toys/figures, Angry Birds
- Expanded in-store sections over the last two years
- Introduced stand alone concept *Zing Pop Culture* in 2014
- Acquired Geeknet for \$140 million to accelerate growth
- Now have 3 *Think Geek* stores in the U.S. and a total of 35 “Loot” stores around the world



**“Loot” sales are expected to grow 45% to \$450 million in fiscal 2016**

# Technology Brands

- Acquired 319 Technology Brands stores and opened another 233 for a total growth of 552, ending the year with 1,036 stores.
- Sales increased 62.5% to \$534 million for the full year
- Gross margin dollars increased 81.3% for the full year
- Expect to double operating earnings in 2016

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Thank you

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