



POWER TO THE PLAYERS®

# BAML Leveraged Finance Conference

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November 29-30, 2017

GameStop | **ES** GAMES | gameinformer | MICROMANIA | simply mac | springmobile | THINK333 | **ES** GAMETRUST

# 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 fiscal 2017, 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; 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 timing and amount of recognition of tax attributes; 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; the costs and consequences of legal proceedings and tax audits; and changes in domestic or foreign laws and regulations that reduce consumer demand for, or increase prices of, our products or otherwise adversely affect our 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. 28, 2017 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

No. 1 Market Share in  
13 countries  
\$13 Billion Addressable  
US Market



**GameStop**  
**POWERUP**

55 million members worldwide

**gameinformer**

2017E: \$7B

## DIGITAL

\$1 Billion Digital Business  
\$8 Billion Addressable  
US Market



**GAMETRUST**

2017E: >\$1B

## COLLECTIBLES

\$12 Billion Addressable  
US Market



**ZING** POP CULTURE  
**THINKGEEK**  
JOIN IN. GEEK OUT.

2017E: \$.7B

## TECHNOLOGY BRANDS

\$200+ Billion Addressable  
US Market

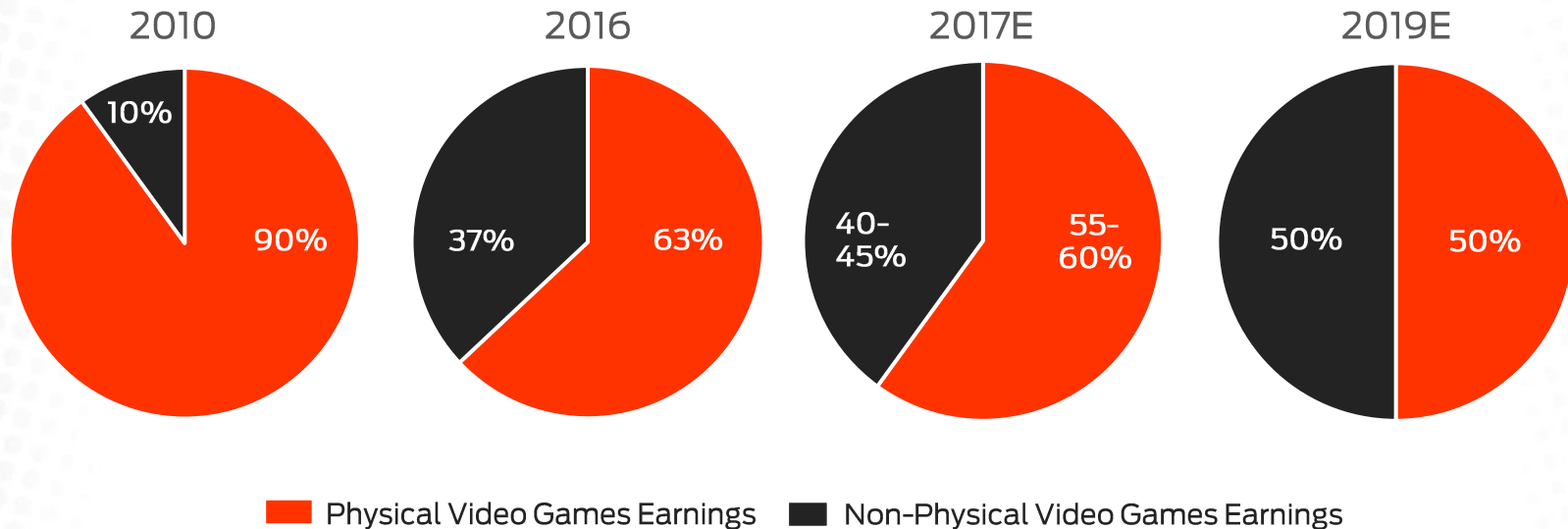


**simply mac**

2017E: \$.9B

# Transformation Outlook

## % of Total Operating Earnings



Goal: >50% of earnings from businesses beyond physical video games by 2019

# Q3 2017 Highlights

- Consolidated comparable store sales increased 1.9% versus prior year quarter, reflecting growth for the third consecutive quarter
- New hardware sales increased 8.8% due to continued strength in Nintendo Switch sales
- New software sales grew 5.4% versus prior year quarter, driven by a strong title lineup
- Collectibles sales increased 26.5% versus prior year quarter
- Omnichannel sales increased 38.6% versus prior year quarter

# Q3 2017 Financial Overview

## Consolidated Performance Summary

(In millions, except EPS and %'s)	Q3 2017	Q3 2016
Total Sales	\$1,988.6 +1.5%	\$1,959.2
Comp SSS	+1.9%	
Gross Margin	\$689.4 34.7%	\$708.2 36.1%
Operating Earnings (adjusted)	\$80.8 -18.2%	\$98.8
Net Income (adjusted)	\$55.1 +8.5%	\$50.8
Diluted EPS (adjusted)	\$0.54 +10.2%	\$0.49

# Q3 2017 Gross Profit by Category

(In millions, except %'s)	Q3 2017	Q3 2016
New hardware	\$36.8 11.9%	\$37.3 13.1%
New software	\$155.9 24.0%	\$150.0 24.3%
Pre-owned/Value	\$199.7 43.6%	\$218.0 46.4%
Video Game Accessories	\$48.5 35.6%	\$49.6 31.8%
Digital	\$34.1 91.7%	\$35.0 78.3%
Technology Brands	\$141.4 72.8%	\$159.6 73.8%
Collectibles	\$52.7 38.1%	\$39.7 36.3%
Other	\$20.3 31.5%	\$19.0 30.7%
Total Gross Profit Gross Margin	\$689.4 34.7%	\$708.2 36.1%

# 2017 Guidance

(In millions, except EPS and %'s)	FY 2017E
Same Store Sales	Positive low-to-mid single digits
Income Tax Rate	~31.0%
Net Income	\$320.0 to \$354.0
Diluted EPS*	\$3.10 to \$3.40

\*Diluted EPS guidance is based on weighted average shares outstanding of 101,500,000

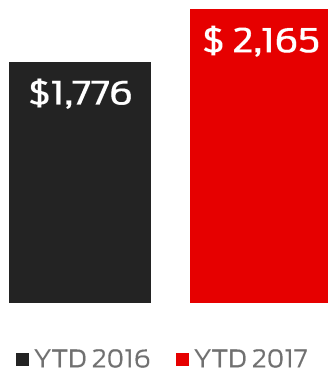


# Industry Growth

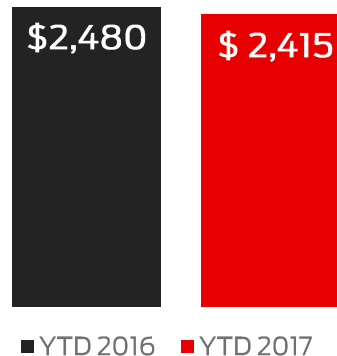
## Industry Growth YTD - 2016 vs 2017

### U.S. Physical Video Game Sales

#### Hardware



#### Software



In millions

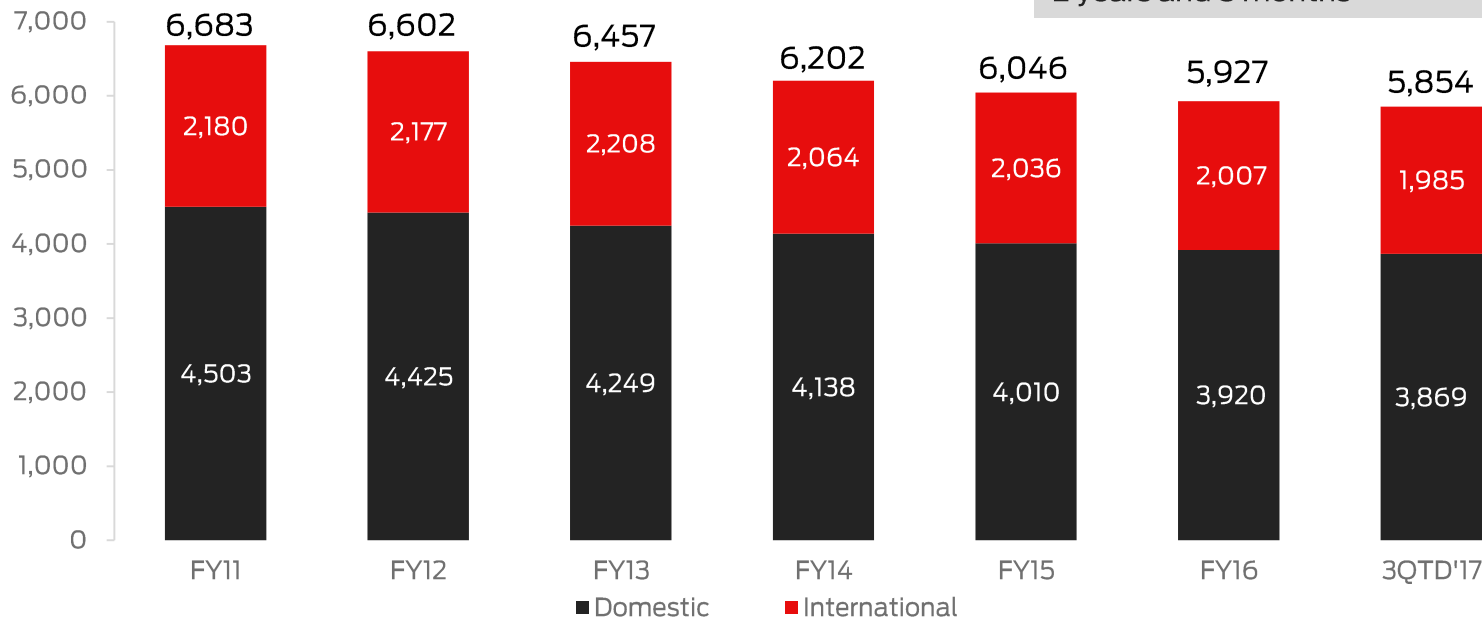
Switch console sales have sold through 80% of what Wii did in sales through the first 8 months of 2017. GME Switch sales have done 130% of GME Wii sales in the first 8 months of 2017.

# Store Footprint

## Multi-year strategic plan to reduce store footprint

### Video Game Store Count

Average remaining lease term of  
2 years and 5 months



Reduced store count 12.5% since 2011

# PowerUp Rewards – A Core Strategic Asset

**GameStop**  
POWER TO THE PLAYERS™



**55 MILLION**  
Global Members

38M in the U.S.  
17M International

U.S.  
Penetration  
**1 in 5**

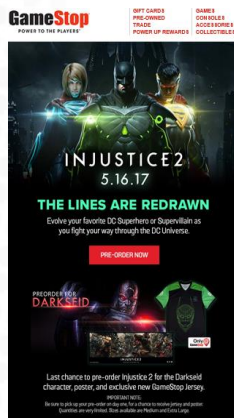
% of  
Sales  
**70+%**

**GameStop**  
**POWERUP**  
REWARDS™

Sales  
**3X**

Profits  
**5X**

## Personalized Offers



## Trade Generation



## Collectibles Marketing



- .5 million Elite members
- Over 7 million paid memberships globally

# Omni-Channel is Growing the Business



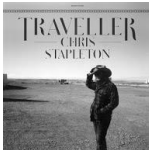

70+% omni-channel growth year-over-year



>60% of our transactions now involve BOTH online and a physical store

# Video Games: Digital

## Digital Sales Penetration of Other Forms of Media

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

### Gaming Barriers

- Residual value
- File size
- Download speed / limits

### Digital Download Impact

On titles with 50+% digital downloads, we still generate a 30+% market share

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

# Technology Brands



America's Largest Wireless Dealer



- Largest AT&T Authorized Retailer with >1,400 stores
- Complementary to AT&T corporate stores
- Long-term exclusive agreement with AT&T



- AT&T's prepaid wireless platform
- Aggressive growth concept for Cricket
- Long-term dealer agreement with Cricket



America's Largest Apple Specialist



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

# Primary Sources of Revenue



Selling New Service /  
Additional Lines, etc.

65% – 100%

Margin Rate

SMF  
(Subscriber Management  
Fees)

100%

Margin Rate

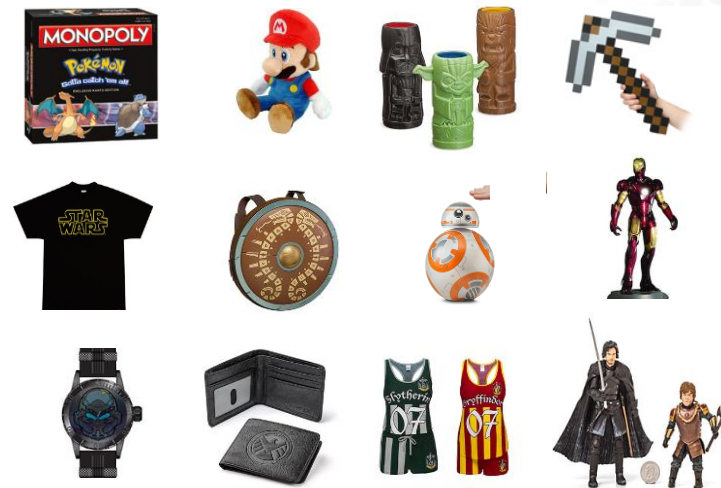
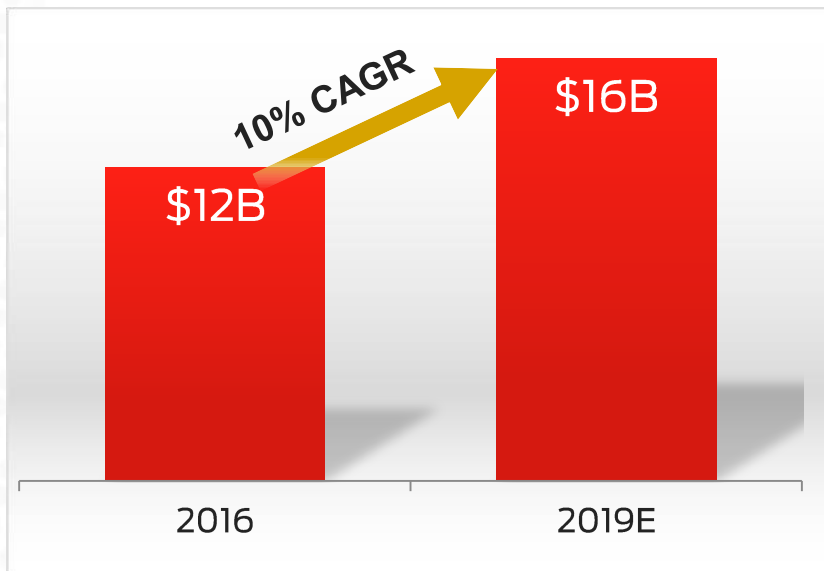
Selling Products  
at Retail

35% – 65%

Margin Rate

# Collectibles

Narrowly defined, Collectibles is a \$12 Billion industry in the U.S., slightly larger than the physical video games category

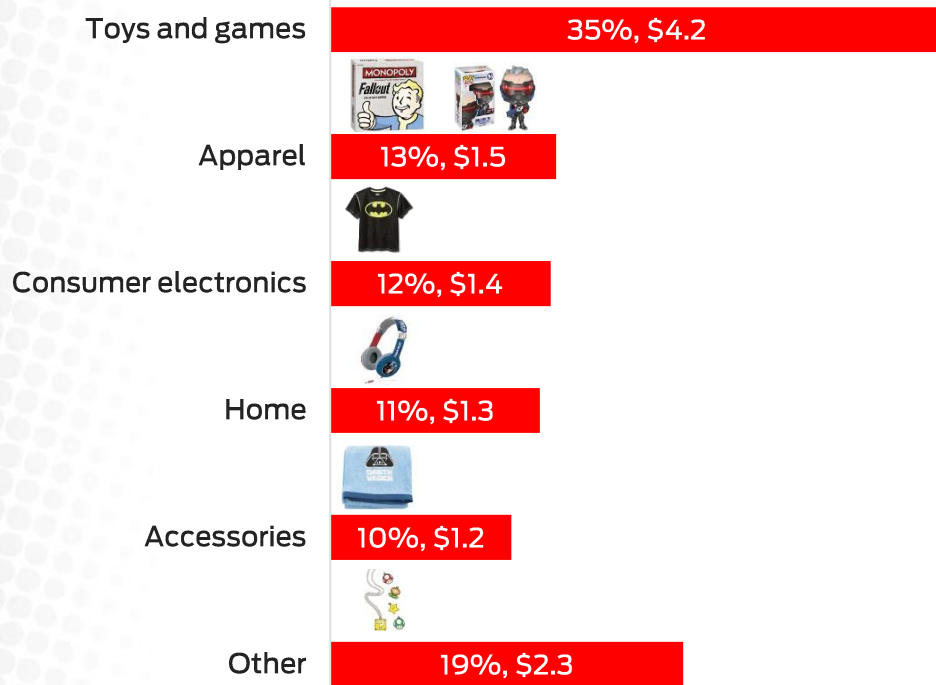


Collectibles should exceed **\$16 BILLION** by 2019



# Top Collectible Product Types

## 2016 Sales By Category (\$billions, North America)

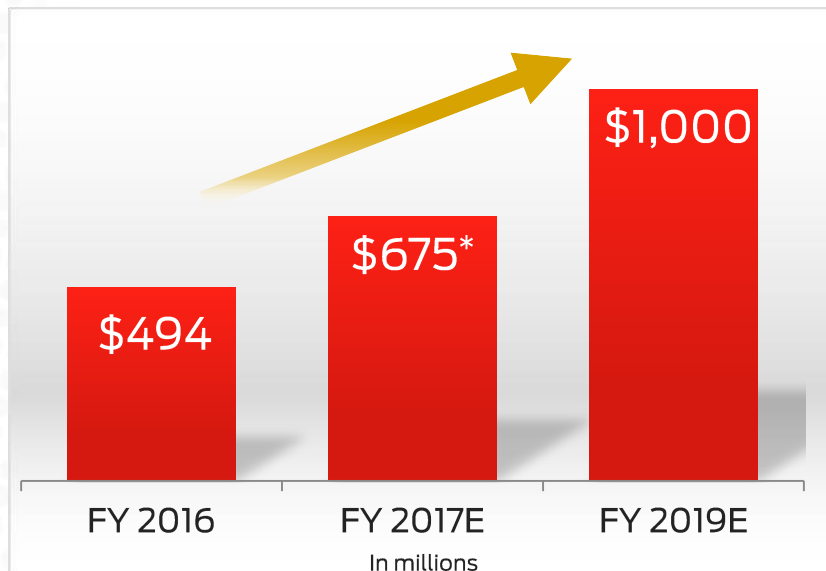


The top 15 properties represent  
~60% of category sales and  
have been in the market for an  
average of 37 years



# Collectibles Revenue Roadmap

## How will GME reach 2019E Collectibles revenue of \$1 Billion?



Expansion inside  
GameStop stores



New Collectible  
stores



Omni-channel  
growth



Exclusive  
offerings



Significant  
customer overlap  
with PUR Members



Licensing  
expertise



# Collectibles Business

**“Loot” sales are expected to grow 30% to 40% in fiscal 2017**

- Increasing the amount of space dedicated to collectibles across our global store footprint and opening standalone collectibles stores
- Entering into licensing agreements with major IP holders to produce unique, exclusive products
- Leveraging our loyalty programs in each country to drive relevant product around a robust launch schedule
- Hired an accomplished brand management and product licensing leader to serve in a newly created position as Senior Vice President of Collectibles



# 2017 Projected Cash Flow Use

## Sources

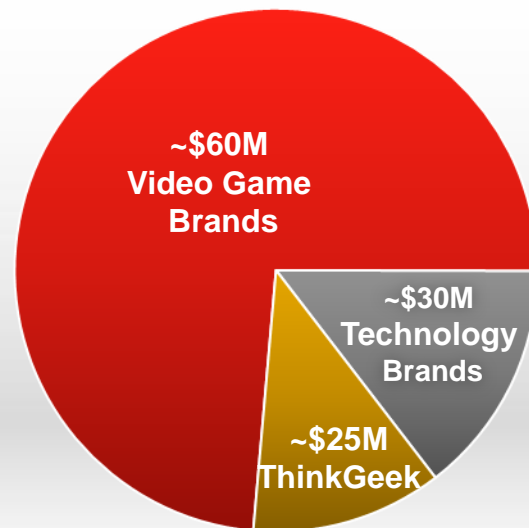


~\$300M of FCF

## Priorities for FCF

- Dividend
- Potential M&A
- Share repurchases

## \$110 to \$120M of Capital Expenditures



# GameStop®

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Thank you

**GameStop**  
POWER TO THE PLAYERS

**EBGAMES**

 **gameinformer**

**MICROMANIA**

**simply mac**

 **springmobile**

**THINKGEED**

 **GAMETRUST**