

# ModernGraham Valuation

Company Name:

GameStop Corp.

Company Ticker GME

Date of Analysis

7/22/2016



## Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

*Defensive Investor; must pass 6 out of the following 7 tests.*

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$3,191,448,649	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.49	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Fail
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	74.61%	Pass
5. Earnings Growth	PEmg < 20	9.46	Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	1.49	Pass
7. Moderate Price to Assets			

*Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.*

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	1.49	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.21	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Fail
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago		Pass

### Suitability

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>No</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$3.26
MG Growth Estimate	15.00%
<b>MG Value</b>	<b>\$125.33</b>
MG Value based on 3% Growth	\$47.20
MG Value based on 0% Growth	\$27.67
Market Implied Growth Rate	0.48%

### MG Opinion

Current Price	\$30.81
% of Intrinsic Value	24.58%
<b>Opinion</b>	<b>Undervalued</b>
<b>MG Grade</b>	<b>B-</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$2.43
Graham Number	\$42.60
PEmg	9.46
Current Ratio	1.49
PB Ratio	1.49
Current Dividend	\$1.45
Dividend Yield	4.71%
Number of Consecutive Years of Dividend Growth	5

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$3.89	Next Fiscal Year Estimate	\$3.26
Jan2016	\$3.78	Jan2016	\$2.66
Jan2015	\$3.47	Jan2015	\$2.03
Jan2014	\$2.99	Jan2014	\$1.41
Jan2013	-\$2.13	Jan2013	\$0.92
Jan2012	\$2.41	Jan2012	\$2.39
Jan2011	\$2.65	Jan2011	\$2.26
Jan2010	\$2.25	Jan2010	\$1.92
Jan2009	\$2.38	Jan2009	\$1.60
Jan2008	\$1.75	Jan2008	\$1.12
Jan2007	\$1.00	Jan2007	\$0.76
Jan2006	\$0.81	Jan2006	\$0.59
Jan2005	\$0.56	Jan2005	\$0.41
Jan2004	\$0.53	Jan2004	\$0.30
Jan2003	\$0.44	Jan2003	\$0.15
Jan2002	\$0.09	Jan2002	\$0.01
Jan2001	-\$0.17	Jan2001	-\$0.03
Jan2000	\$0.10	<b>Balance Sheet Information 4/1/2016</b>	
Jan1998	\$0.00	Total Current Assets	\$2,037,100,000
Dec1997	\$0.00	Total Current Liabilities	\$1,366,000,000
Dec1996	\$0.00	Long-Term Debt	\$812,400,000
		Total Assets	\$4,446,000,000
		Intangible Assets	\$1,825,400,000
		Total Liabilities	\$2,289,900,000
		Shares Outstanding (Diluted Average)	104,200,000





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

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[GameStop Corporation Annual Valuation – 2015 \\$GME](#)

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