

Edgar Filing: GameStop Corp. - Form 10-Q

GameStop Corp.  
Form 10-Q  
December 08, 2015

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

Form 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934  
FOR THE QUARTERLY PERIOD ENDED OCTOBER 31, 2015  
OR  
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934  
FOR THE TRANSITION PERIOD FROM      TO

COMMISSION FILE NO. 1-32637

GameStop Corp.  
(Exact name of registrant as specified in its Charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

20-2733559  
(I.R.S. Employer  
Identification No.)

625 Westport Parkway,  
Grapevine, Texas  
(Address of principal executive  
offices)

76051  
(Zip Code)

Registrant's telephone number, including area code:  
(817) 424-2000

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company   
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Number of shares of \$.001 par value Class A Common Stock outstanding as of December 1, 2015: 104,670,330

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## PART I — FINANCIAL INFORMATION

## Item 1. Financial Statements

## GAMESTOP CORP.

## UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

	October 31, 2015	November 1, 2014	January 31, 2015
	(In millions, except par value per share)		
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$186.2	\$374.0	\$610.1
Receivables, net	185.5	116.9	113.5
Merchandise inventories, net	1,856.3	1,714.4	1,144.8
Deferred income taxes — current	65.9	59.1	65.6
Income taxes receivable	48.9	58.0	19.0
Prepaid expenses and other current assets	151.6	121.3	109.5
Total current assets	2,494.4	2,443.7	2,062.5
Property and equipment:			
Land	17.6	20.1	18.3
Buildings and leasehold improvements	647.0	625.1	609.2
Fixtures and equipment	890.8	890.8	888.2
Total property and equipment	1,555.4	1,536.0	1,515.7
Less accumulated depreciation	1,077.9	1,071.0	1,061.5
Net property and equipment	477.5	465.0	454.2
Goodwill	1,479.2	1,408.5	1,390.4
Other intangible assets, net	291.4	234.8	237.8
Other noncurrent assets	92.5	89.6	101.4
Total noncurrent assets	2,340.6	2,197.9	2,183.8
Total assets	\$4,835.0	\$4,641.6	\$4,246.3
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
Current liabilities:			
Accounts payable	\$1,461.1	\$1,316.1	\$815.6
Accrued liabilities	876.4	814.6	803.6
Income taxes payable	33.3	16.9	15.4
Current portion of debt	0.9	3.8	5.1
Total current liabilities	2,371.7	2,151.4	1,639.7
Deferred income taxes	96.0	57.2	95.9
Long-term debt	350.0	350.2	350.6
Other long-term liabilities	75.7	74.2	92.4
Total long-term liabilities	521.7	481.6	538.9
Total liabilities	2,893.4	2,633.0	2,178.6
Commitments and contingencies (Note 7)			
Stockholders' equity:			
Preferred stock — 5.0 shares authorized; no shares issued or outstanding	—	—	—
Class A common stock — \$.001 par value; 300.0 shares authorized; 104.9, 109.3 and 107.7 shares issued and outstanding	0.1	0.1	0.1
Additional paid-in-capital	—	—	—

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Accumulated other comprehensive income (loss)	(61.3	) 61.8	(25.4	)
Retained earnings	2,002.8	1,946.7	2,093.0	
Total stockholders' equity	1,941.6	2,008.6	2,067.7	
Total liabilities and stockholders' equity	\$4,835.0	\$4,641.6	\$4,246.3	

See accompanying notes to unaudited condensed consolidated financial statements.

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## GAMESTOP CORP.

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	13 Weeks Ended		39 Weeks Ended	
	October 31, 2015	November 1, 2014	October 31, 2015	November 1, 2014
	(In millions, except per share data)			
Net sales	\$2,016.3	\$2,092.2	\$5,838.8	\$5,819.9
Cost of sales	1,360.7	1,470.0	3,963.7	4,020.4
Gross profit	655.6	622.2	1,875.1	1,799.5
Selling, general and administrative expenses	525.5	494.3	1,495.6	1,450.7
Depreciation and amortization	39.4	38.1	113.2	116.4
Operating earnings	90.7	89.8	266.3	232.4
Interest income	—	(0.1	) (0.3	) (0.4
Interest expense	6.5	3.2	17.8	5.2
Earnings before income tax expense	84.2	86.7	248.8	227.6
Income tax expense	28.3	30.3	93.8	78.6
Net income	\$55.9	\$56.4	\$155.0	\$149.0
Basic net income per common share	\$0.53	\$0.50	\$1.45	\$1.31
Diluted net income per common share	\$0.53	\$0.50	\$1.45	\$1.30
Dividends per common share	\$0.36	\$0.33	\$1.08	\$0.99
Weighted average shares of common stock outstanding — basic	105.4	111.9	106.6	113.5
Weighted average shares of common stock outstanding — diluted	106.1	112.9	107.2	114.4

See accompanying notes to unaudited condensed consolidated financial statements.

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## GAMESTOP CORP.

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	13 Weeks Ended		39 Weeks Ended	
	October 31, 2015	November 1, 2014	October 31, 2015	November 1, 2014
	(In millions)			
Net income	\$55.9	\$56.4	\$155.0	\$149.0
Other comprehensive income:				
Foreign currency translation adjustment	(5.9	) (42.3	) (35.9	) (20.7
Total comprehensive income	\$50.0	\$14.1	\$119.1	\$128.3



See accompanying notes to unaudited condensed consolidated financial statements.

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## GAMESTOP CORP.

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Class A Common Stock		Additional	Accumulated	Retained	Total
	Shares	Common Stock	Paid-in Capital	Other Comprehensive Loss	Earnings	
	(In millions)					
Balance at February 1, 2015	107.7	\$0.1	\$—	\$ (25.4 )	\$2,093.0	\$2,067.7
Net income for the 39 weeks ended October 31, 2015	—	—	—	—	&#1	