GameStop Analysts React To Q4 Earnings: Company Needs 'Some Magic Beans And Pixie Dust'

by Chris Katje, Benzinga Staff Writer
March 24, 2021 1:33 PM | 2 min read

One of the most widely followed stocks of 2021 reported fourth-quarter earnings Tuesday after market close.

GameStop Corp GME reported quarterly earnings of $1.34 per share, which missed the analyst consensus estimate by a penny. This is a 5.5% increase over earnings of $1.27 per share from the same period last year. The company reported quarterly sales of $2.12 billion, which missed the analyst consensus estimate of $2.21 billion. This is a 3.3% decrease over sales of $2.19 billion in the same period last year.

Analysts On Earnings: GameStop missed EBITDA estimates, which was a big negative for Bank of America analyst Curtis Nagle. The analyst, which rates the stock at Underperform with a price target of $10, said the company missed EBITDA estimates by 66%.

Loop Capital analyst Anthony Chukumba told CNBC GameStop shares continue to trade at high valuations that aren't justifiable.

"This is not a good quarter," Chukumba said. "I will be listening to how they're going to pull a rabbit out of the hat and turn this into a viable company."

Chukumba said GameStop needed "some magic beans and pixie dust" to help the company going forward. He dropped coverage of the stock in January.

Turnaround Plan: Hightower Advisors Portfolio Manager and CNBC contributor Stephanie Link highlighted the progress of GameStop's e-commerce business.

In the fourth quarter, e-commerce was 34% of total revenue for GameStop compared to 12% in the prior year's fourth quarter.

"They're headed in the right direction," Link said.

Telsey Advisory Group advisor Joseph Feldman, who has an Underperform rating on GameStop shares, said the strategic plan from the company 2021 "seems normal." The analyst lowered the price target from $33 to $30.

"We continue to be very skeptical on GME's efforts to address its long-standing issue of digital disintermediation and the fact that it's core market in new and pre-owned physical console gaming is shrinking at a rapid pace," Nagle said.

See Also: PreMarket Prep Stock Of The Day Is GameStop