

Title: What does inflation mean for a company with no debt/ high cash on hand/high inventory? the turnaround theory from a boring perspective

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Just a toilet thought, maybe it's shit, but increasing inflation sooner or later will also affect consumer goods and not only energy, food etc. which is great for Gamestop's profitability/growth outlook

Let's assume GME bought some hundred million of inventory in the last 12months, or as they say: invested in their inventory= actually converted cash to inventory- that has several effects:

volume discounts in purchase price (yes, they exist on corporate level too, but also feeding more volume in same effort= scaling effect on costs-> see their Q2 report statement re sales costs)

Collectibles need more space = warehouse/distribution center, since you don't put NFT's in a shelf...so guess they focus more on collectibles-> we learned that from Q2 report

Let say sales remain mainly stable-> what we can see from their quarterly filings...

and inflation rises= consumer goods prices rise too

Then GME's investment in their inventory will actually increase their inventory value, without them even doing something towards it- it will either increase their profitability (we saw that-> EPS better than expected) or their competitive advantage (revenues up due to lower prices than competition)

Interest rise with inflation rising, and so does prices- in purchase same as in sales...cash flow is more expensive when debt financed, which reduces the competitiveness of debt financed companies (revolving credit facility or others)

Talking about numbers of 2% are already eating into profits a lot, plus higher prices means-> need more debt to finance same inventory

So in the long run (1-3years) within current environment

\- GME's competitiveness increases each time inflation rises (profitability or revenues or both)

\- GME competition (debt financed) lose profitability and revenues or both

\- A company that grows in crisis will get cheaper access to loans (if needed) than a company

Will we squeeze or something? I don't know, that's what I came in initially and I love the stock and the hype around it- great attitude all around that stock.

But if the squeeze will be triggered by increasing company value, solid numbers, a successful turnaround and so on...then hell ya, we are on a good way...we can stay hyped everyday or Zen, but trusting RC

seems to be a good decision I made...