

# Stock analysis - hastings entertainment inc report sample

[Business](#), [Company](#)



Hastings Entertainment, Inc. was formed in the year 1968. The company is in retailing of multimedia entertainment products. Hastings is currently operating around 146 superstores across the America. The company is also operating one concept store in Texas and e-commerce website to sell its products online. The reason for short listing this company is that this stock is old, under evaluated and performing good in the industry.

## **Overview of the Company**

- a) State of Incorporation - the Hastings entertainment was incorporated in Texas.
- b) Price/ Equity Ratio - 0. 20.
- c) Market Capitalization - 16. 89 million as on 30th April 2012.
- d) Ticker Symbol - HAST
- e) Products and Services - the company deals with a wide range of entertainment products including: wide variety of videos like educational, celebrities, science, camcorder and blank videos. The company also offer new and old entertainment books and magazines, games, CDs, consumer electronic products, music, movies etc. some other trendy stuff like toys, fashion jewelry, bags, t-shirts, sportswear, footwear and seasonal stuff is part of its product portfolio. The Hastings is having multiple stores across the America and also operate e-commerce website. Customers can purchase products online through its user friendly website. Customer can maintain a personalized account and gift card on the portal.
- f) NAICS Code and Category - 451220, Prerecorded Tape Cd & Record Stores.
- g) Geographical Markets - Hastings entertainment serve American market

with its 146 superstores located in all the major locations of 19 states in the country. Company also operates one concept store in Amarillo, Texas. The company serves a wide range of customers through its web portal.

h) Customers - The products and services offered by the company are restricted to any special class or age groups. It offers a wide collection of comics, story books, games and toys for children. Product portfolio includes Books, Music and movies for all age groups. Fashion wear including jewelry and trendy t-shirts for youth.

i) Financial Analysis - we will evaluate company's financial condition for as on 30th January 2012 with 30th January 2011.

If we look at the financial conditions of the company, we will find that company is not performing well as compare to last year. Total revenue earned by the company gone down which resulted in low profit and negative income growth. Hastings is having debt of 53. 28 m which is much higher than total cash company is holding. Debt/ equity ratio which reflect company's influence can be calculate by using formula (total liability/ shareholders equity). Higher debt/equity ratio means company has to pay huge debt cost as an interest. Current ratio reflects company's condition to pay its short term debt. Hastings current ratio is 2. 21 which show that company can easily pay its short term debt. It also shows that company is having effective operation cycle and able to convert its product and services into cash.

j) Management Style - the management is very focused about its products and services. They are adopting latest technology like online portal to sell

their products. They are able to manage a good operation cycle for its products by selling products in very less tie. Management is aggressive in terms of investment. Management believe in putting money to expand business and adopting latest processes, technology, tools etc.

k) Key Personal – Hastings key personal are:

- Mr. John H. Marmaduke: Chairman, Chief Executive Officer
- Mr. Dan Crow: Chief Financial Officer, Principle Act. Officer and Vice President of Finance
- Mr. Alan Van Ongevalle: Executive Vice President of Merchandising
- Mr. Kevin J. Ball: Vice President of Marketing
- Mr. Scott Voth : Vice President of Stores

l)Hastings has performed very well in the last ten years. Till 2010 company maintained a positive net income but with a negative growth rate.

m) As per analyst the Hastings stock is given rating of 4. Analyst suggests selling the stock. Analyst also mention that the current price of stock does not show the actual value of stock as the stock is rated too low.

n) The stock is listed in NASDAQ stock exchange.

Closing Price of HAST for ten weeks:

Hastings NASDAQ Market Index for last five years:

Important news reported during holding period:

The holding period of the stock was from February 3, 2012 to April 16, 2012.

On February 3, 2012: Hastings Entertainment announced to organize a midnight party on February 10 with regard to release of movie “ The Twilight

Saga: Breaking Dawn - Part 1". On that day after 9 pm company will provide special promotional offer on all its products.

On March 14, 2012: company informed that it will declare its financial results for last quarter on March 19, 2012.

On March 19, 2012: Company announces financial results for last quarter of fiscal year 2011.

On April 13, 2012: company informed that it will be celebrating hosting record store day on April 21. Customers will be given three one day offers.

Stock Profit or Loss Calculation:

On February 3, 2012 Amount Invested on the stock: 58, 100 Shares @ 1. 72  
= \$ 99, 932

On April 16, 2012 Income Earned by selling the stock: 58, 100 shares @ 2. 11  
= \$ 12, 591

Dividend earned = 0

Overall profit on the stock = \$ 22, 659

Cost of tax @ 20 percent on the income of \$ 22, 659 = \$ 4, 531. 8

Stock Broking Firm charges for both buy and sell transactions is \$ 60

Overall profit on the stock = Gross Income - total cost incurred

= (\$ 12591) - (\$ 99, 932 + \$ 4, 531. 8 + \$ 60)

Total Profit = \$ 18, 067. 2

Return on Investment:

Return on investment = (income from investment - cost of investment)/ cost of investment

$$= \{(\$ 12591) - (\$99, 932 + \$ 4, 531. 8 + \$ 60)\} / \$ 99, 932$$

$$= 0. 18 \text{ or } 18 \text{ percent}$$

The stock has shown good performance during the holding period of ten weeks. Stock reaches to highest trading price of holding period during the last week of March.

If we closely look at the trend of stock performance, we will find that till first week of March stock has not shown any major changes in trading price. From February 3 to March 7 the stock increased only \$ 0. 11but after that stock started picking up. The main reason for increase in trading prices is sudden increase in demand of shares. The company declared its financial results in March which impacted the trading price of stock.

## References

Nasdaq. (2012, April 30). Retrieved April 30, 2012, from [www. nasdaq. com](http://www.nasdaq.com):

[http://www. nasdaq. com/symbol/hast/press-releases](http://www.nasdaq.com/symbol/hast/press-releases)

Zacks. (2012, April 30). Retrieved April 30, 2012, from [www. zacks. com](http://www.zacks.com):

[http://www. zacks. com/stock/quote/HAST](http://www.zacks.com/stock/quote/HAST)