Guillemot

An exceptional quarter ... as usual!

In line with an outstanding 2021 year, Guillemot started 2022 fiscal year with a level of activity of €55.9 M for Q1, up +56 % YoY. This strong growth, which exceeded our expectations (€50.1 M est.), was mainly driven by the release of Gran Turismo 7, thus illustrating the brand’s efforts to address the market and develop products. The Thrustmaster segment closed the quarter with growth of +56% YoY. The Hercules brand’s products also achieved a strong breakthrough (+67 % YoY to €3.0 M), supported by good market penetration for DJControl Inpulse consoles.

This strong growth led management to confirm its 2022 targets (turnover > €200 M & EBIT > €30 M) and prompted us to raise our 2022 EPS (€2.24 vs. €2.15 previously). Strong Buy opinion reiterated, TP at €19.30 (vs. €19.60 previously).

A strong and global growth in Q1 2022

Guillemot has begun its 2022 fiscal year in a very good way, posting growth of +56% YoY despite a high basis of comparison (Q1 2021 was already up +167% YoY). The group demonstrated its ability to expand internationally, notably by increasing its sales in North America by +87%.

- **Thrustmaster** posted a business volume of €52.9 M up +56% YoY. This growth was primarily driven by sales of Racing products, due to the release of Gran Turismo 7 on March 4. This event led to an explosion in sales of officially licensed Gran Turismo racing wheels as well as other racing wheels, notably the T248. Although exogenous to the release of GT7, the group launched its T248 steering wheel on the Xbox Series and One, allowing the group to boost its sales in the quarter. Sales of Flying products were also dynamic thanks to the successful implementation of the yoke under Boeing license.

- **The Hercules brand** recorded an exceptional sales volume in Q1 at €3.0 M (+67 % YoY). This growth can be explained by the strong dynamism of the DJControl Inpulse consoles, and also by the gradual rise of the DJControl Mix product.

With global sales of gaming wheels on the rise both in 2021 and at the beginning of this year, Guillemot appears to be largely capable of maintaining its forecasts of more than €200 M sales and more than €30 M operating income for the FY2022, which led management to reiterate its FY guidance.

Good outlook for the year

Last year Guillemot outperformed the gaming wheels market in Europe and took second place in the European market share on that continent. In parallel, the U.S. market for gaming wheels grew by more than 78% in value. Q1 2022 was in line with this trend, and the group demonstrated its ability to continue to grow. In addition, the potential release of Forza Motorsport 8 at the end of the year and the gradual rollout of next-generation consoles should underpin group sales. The group also launched last Thursday its new controller for hardcore gamers, which should add to its 2022 sales.

This year, Flying products should continue to grow, especially with the release of the upcoming movie Top Gun as a catalyst.

Strong Buy opinion reiterated - TP adjusted to €19.30

After considering our new assumptions for 2022 sales (€216.7 M vs €209.7 M previously) and operating income (€37.9 M vs. €36.4 M previously), our price target, due to market conditions, has been slightly reduced to €19.30 (vs. €19.60 previously). Strong Buy opinion reiterated.
Important disclosures

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Rating and target price evolution throughout the last 12 months

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<th>Date</th>
<th>Opinion</th>
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<td>May 2nd 2022</td>
<td>Equity Flash Strong Buy</td>
<td>€ 19.30</td>
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<tr>
<td>March 30th 2022</td>
<td>Annual Research Strong Buy</td>
<td>€ 19.60</td>
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<td>January 31st 2022</td>
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<td>September 27th 2021</td>
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<td>August 2nd 2021</td>
<td>Equity Flash Strong Buy</td>
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