

**Guillaume ANOMAN**

Equity research analyst  
guillaume.anoman@inextenso-finance.fr  
+33 (0)6 47 25 53 79

Date of first publication: January 27<sup>th</sup> 2023**Guillemot****Annual growth, quarterly decline**

For its Q4 2022 fiscal year, Guillemot posted a -29 % drop in revenues to €46.9 million (compared to an estimated €65.8 million). *Thrustmaster*, the group's flagship brand, saw its sales volume fall by -31 % over the quarter to €43.2 million, due in particular to a slowdown in orders from distributors at the end of the fiscal year. However, the group's marketing efforts have enabled *Hercules* to grow (+16 %, €3.7 million in sales vs. an estimated €3.8 million) in a difficult context. Annual sales for 2022 thus appear at €188.0 million, up by +6 %, thanks in particular to a strong first semester. Although the group's 2023 guidance is cautious (sales > €150 million), we expect growth over the next fiscal year, particularly in the second semester, in particular due to higher console deliveries. **Buy** opinion, TP at **€15.75**.

**Recommendation****2. Buy**

Closing Price on January 26 2023

**€ 13.34**

Target Price

**€ 15.75 (+18.1%)****Market data**

Reuters / Bloomberg Ticker	GTCN.PA / GUI:FP
Market capitalisation (€m)	203.9
Enterprise value (€m)	198.9
Free Float (€m)	61.65 (30.2 %)
Number of shares	15 287 480
Daily volume	€ 123 106
Capital turnover rate (1 year)	8.87%
High (52 weeks)	€ 16.38
Low (52 weeks)	€ 9.65

**Performances**

Absolute perf.	1 month	6 months	12 months
	12.8%	9.2%	-1%

**Current shareholding structure**

Free Float: 30.2 % ; Guillemot Family: 69.5%  
Treasury stocks: 0.3 %

**Agenda**

2022 Results to be released on March 23rd, 2023

**Key figures**

	2020	2021	2022E	2023E	2024E
Sales (€m)	120.6	176.8	188.0	190.8	210.1
Change (%)	98.1%	46.5%	6.4%	1.5%	10.1%
EBITDA (€m)	26.1	39.7	41.3	41.8	45.5
EBIT (€m) **	23.1	33.0	33.5	33.5	34.8
Ebit margin (%)	19.1%	18.7%	17.8%	17.6%	16.6%
Net profit gp (€m) *	22.1	30.0	30.4	31.8	33.1
Net margin (%) *	18.3%	17.0%	16.2%	16.7%	15.8%
EPS *	1.45	1.96	1.99	2.08	2.17

\* Restated items for unrealized capital gains / losses on the securities portfolio

\*\* Including, during FY 2020, a €4.1m recognition as reversal of impairment on the Thrustmaster brand

**Ratios (Excluding Valuation of Ubisoft shares)**

	2020	2021	2022E	2023E	2024E
EV / Sales	0.7	1.1	0.8	0.7	0.5
EV / EBITDA	3.2	5.0	3.6	3.0	2.2
EV / EBIT	3.7	6.0	4.5	3.7	2.9
P / E *	4.6	6.8	6.7	6.4	6.2
Gearing (%)	-23%	-6%	-60%	-68%	-69%
Net debt/EBITDA	-0.7	-0.1	-1.3	-1.9	-2.3
ROCE (%)	93%	49%	63%	74%	81%

**A tough quarter**

Guillemot concludes its 2022 fiscal year on a mitigated note, posting a tangible contraction in business volume of -29 % in Q4 to reach €46.9 million, thus interrupting its continuous quarterly growth trend since 2020. In details:

- **Thrustmaster** posted a sales volume of €43.2 million, down -31 % YoY. Like its peers, the brand was particularly affected by the choice of the distributors to have limited stock renewal (i.e., placed fewer orders). However, new products were launched during the quarter, with the release of the entry-level *T128* steering wheel for consoles and the release of the *T818* for PCs, equipped with Direct Drive technology, which will allow Thrustmaster, like its two main competitors in 2022, to position itself in this innovative, high-end technology. The *Flying* product line has also been enriched with a new joystick.
- The **Hercules** brand, focused on *DJing* products, recorded a sales volume of €3.7 million (+16 % YoY) exclusively on its own-brand products, thus demonstrating the quality of the offer and the relevance of the marketing carried out in recent years.

These figures lead to an annual sales volume of €188.0 million, up +6 % YoY, boosted by an excellent first half.

**Still interesting perspectives**

The start of the year promises to be challenging for the group, with demand from distributors proving to be lower than last year and weak editorial activity that will only stimulate demand to a limited extent. However, several elements support our growth scenario for the next fiscal year.

Sony recently announced at the CES in Las Vegas that it will soon be able to end its *PS5* stock shortages, a phenomenon that should also apply to Microsoft consoles and PC graphics cards.

It should also be noted that the second half of the year will see the release of some highly anticipated titles such as *Forza Motorsport*, which was previously postponed, *F1 2023* and DLC for *Microsoft Flight Simulator*.

These factors should stimulate demand and thus support our growth scenario for the coming year.

**Buy opinion, TP at €15.75**

Despite the context, we remain optimistic about the stock, which has demonstrated its ability to outperform its markets and to grow in a contracting environment. We therefore issue a **Buy opinion** on the stock, with EPS 2022 at **€1.99/share** (vs. €2.09 previously) and raise our target price to **€15.75** (vs. €16.65 previously).

Refer to important warnings at the end of the document. For additional information on In Extenso and its internal procedures, please consult the website <https://finance.inextenso.fr/debt-equity-advisory>.

## Important disclosures

### In Extenso Financement & Marché ratings and target prices definition

In Extenso Financement & Marché stock market recommendations reflect the absolute change expected in the share price from a six to twelve-months perspective (in local currencies).

<b>1. Strong Buy</b>	The absolute share price performance is expected to be at least +25 %
<b>2. Buy</b>	The absolute share price performance is expected to be comprised between +10 % and +25 %
<b>3. Neutral</b>	The absolute share price performance is expected to be comprised between +10 % and -10 %
<b>4. Sell</b>	The absolute share price performance is expected to be comprised between -10 % and -25 %
<b>5. Strong Sell</b>	The absolute share price performance is expected to be at least -25 %

Details of valuation methods used by In Extenso Financement & Marché in target price calculations are available at [https://finance.inextenso.fr/wp-content/uploads/2022/11/Methodologie\\_Valo\\_Analyse\\_Fin\\_IEFM.pdf](https://finance.inextenso.fr/wp-content/uploads/2022/11/Methodologie_Valo_Analyse_Fin_IEFM.pdf)

### Detection of potential conflicts of interest

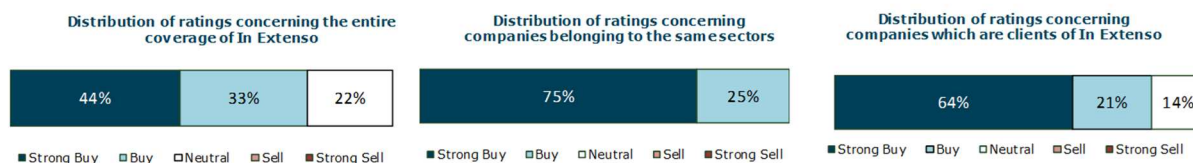
The analyst, In Extenso or any of its employees is a shareholder of the issuer	The issuer subject of this report is a shareholder of In Extenso	Other financial interest between In Extenso and the issuer	In Extenso is a market maker or liquidity provider in financial instruments issued by the issuer	In Extenso has received compensation for the production of this research report	In Extenso has received compensation for another service than the production of this research report	This research report was sent to the issuer before its publication
No	No	No	No	Yes	No	No

As a consultant in Independent Equity Research as defined by the AMF within its 'Règlement Général', In Extenso Financement & Marché refers to the administrative and organizational terms defined by this organisation for its internal functioning, in particular in compliance with the best practices regarding the management of conflicts of interests. In Extenso Financement & Marché strict internal procedures define aspects which are applied to its Equity Research activity. Additional information may be obtained upon written request to In Extenso Financement & Marché as to these operating rules.

### Rating and target price evolution throughout the last 12 months

Date	Opinion	Objectif de cours
January 27 <sup>th</sup> 2023	Equity Flash <b>Buy</b>	<b>€ 15.75</b>
October 31 <sup>st</sup> 2022	Equity Flash <b>Strong Buy</b>	<b>€ 16.65</b>
October 4 <sup>th</sup> 2022	Semi-annual Research <b>Strong Buy</b>	<b>€ 17.00</b>
August 1 <sup>st</sup> 2022	Equity Flash <b>Strong Buy</b>	<b>€ 19.70</b>
July 5 <sup>th</sup> 2022	Sectoral study <b>Strong Buy</b>	<b>€ 19.65</b>
May 2 <sup>nd</sup> 2022	Equity Flash <b>Strong Buy</b>	<b>€ 19.30</b>
March 30 <sup>th</sup> 2022	Annual Research <b>Strong Buy</b>	<b>€ 19.60</b>

### Ratings distribution



## Additional disclosures

---

The information herein is not complete and therefore cannot be considered as contractual.

This document is not and should not be construed as an offer to sell or the solicitation of an offer to purchase or subscribe for any investment. Only investors with sufficient knowledge and experience in financial and business matters to evaluate the relevant merits and risks should consider an investment in any issuer or market discussed herein. Neither In Extenso Financement & Marché nor any of its officer or employee accept any liability whatsoever for any direct or consequential loss arising from any use of this publication or its contents.

The information herein has been obtained from, and any opinions herein are based upon, sources believed reliable, but In Extenso Financement & Marché makes no representation as to its accuracy or completeness and it should not be relied upon as such. All opinions and estimates herein reflect the judgment of In Extenso Financement & Marché on the date of this report and are subject to change without notice.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject In Extenso Financement & Marché to any registration or licensing requirement within such jurisdiction. In particular, in the United Kingdom, In Extenso Financement & Marché further advises that this Research is solely intended to be delivered to persons who qualify as defined in Rule 11 (3) of the 'Financial Services Act 1986 (Investment Advertisement) (Exemption) order 1997'. The distribution of this research report in the United States or its distribution to any citizen of the United States is forbidden.

In Extenso Financement & Marché may have concluded a contract with the issuer subject of this report in order to produce one or several research reports which were previously sent to the issuer. However, In Extenso Financement & Marché may produce research reports concerning this issuer in an independent way.

Copyright 2010 In Extenso Financement & Marché. All rights reserved.