## Interactive Entertainment Devices

Guillemot



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#### Raphaëlle POULAIN

Equity research analyst rpoulain@genesta-finance.com +33 (0)1.45.63.68.62

Recommendation 1. Strong Buy Closing Price on 28 July 2021 12,18 € Target Price € 20,30 (+66,7%)

Market data	
Reuters / Bloomberg Ticker	GTCN.PA / GUI:FP
Market capitalisation (€m)	186,20
Enterprise value (€m)	168,00
Free Float (€m)	56,61 (30,4 %)
Number of shares	15 287 480
Daily volume	€ 777 495
Capital turnover rate (1 year)	61,38%
High (52 weeks)	€ 17,90
Low (52 weeks)	€ 4,75

Absolute perf.	1 month	6 months	12 months
	-2 %	-1 %	+ 156,4 %
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#### **Current shareholding structure**

Free Float: 30,4 %; Guillemot Brothers & Family: 68,9 %; Treasury stock: 0,7 %

#### Agenda

H1 2021 Results to be released on September 23rd, 2021

# Guillemot

# Sales growth of + 70% in the first half of 2021

After a very strong growth in the first quarter of 2021 ( $\in$  35.8 million in sales, +167%), Guillemot once again confirms the success of its operational and commercial efforts made in 2020, with again a high volume of business for the Q2 2021, amounting to  $\in$  34.7 million, an increase of +23%. The quality of the Thrustmaster products (*Racing* and *Flying* in particular) and the efforts on the *Djuced* software on the Hercules Djing products allow the two activities of the group to be growing. In its release, Guillemot also confirms its annual outlook (turnover  $> \in$  150 million and EBIT  $> \in$  20 million). Due to less favorable market data (lower comparables), our TP declined slightly to  $\in$  20.30. Strong Buy.

#### Quarterly activity firmly anchored beyond from € 30 million

Guillemot continued its momentum observed during the very good 1<sup>st</sup> quarter 2021, with a volume of activities of € 34.7 million for Q2 2021, up +23% compared to 2020, and this while the activity in 2020 had already progressed by +130% ... In details:

- Thrustmaster posted a turnover of € 32.9 million in Q2 2021 (+25% yoy). Once again, the quality of the products marketed by the group has been praised by specialists, in particular the latest *Thrustmaster Formula Wheel Add-On Ferrari SF1000 Edition* steering wheel. Guillemot is also ideally positioned to benefit from the current traction in connection with the Gaming news: 1 / *T-GT II* steering wheel under PlayStation® 5 license (already more than 10 million PlayStation® 5 platforms sold to date), accessory of choice for the upcoming release of the game *Gran Turismo<sup>TM</sup> Sport 7* and 2 / joysticks *T-Flight Hotas* and *T-Flight Full Kit X* to address fans of the Microsoft *Flight Simulator X* game on the Xbox X/S console. Beyond this product news, the group is obviously maintaining its marketing efforts, in particular by sponsoring eSport competitions.
- The **Hercules** brand, still focused on Djing's niche products, with a limited contribution to all of the group's activity, has a turnover of € 1.8 million, a slight increase of +6% compared to Q2 2020.

With overall sales for H1 2021 of € 70.5 million, up +70% compared to 2020, Guillemot is firmly on a good growth path for the current fiscal year. These figures allow management to confirm its guidance for 2021 sales of over € 150 million accompanied by current operating income of over € 20 million, while alerting the market to current tensions in terms of supply and logistical delays.

#### **Opinion and Recommendation**

Once again, the figures presented by Guillemot for this publication show that the operational and commercial efforts made during the extraordinary acceleration in demand for products that occurred in mid-2020 have borne fruit. All the geographic areas addressed by the group are growing and activity remains at a very high level.

We maintain our 2021 estimates as they are considering these quarterly data to support this scenario. Taking into account lower multiple Market Comparables and a declining value of Ubisoft shares, our target price is slightly down to € 20.30 / share. Strong Buy Opinion.

Key figures					
	2019	2020	2021E	2022E	2023E
Sales (€m)	60,9	120,6	163,2	189,4	212,8
Change (%)	-25,1%	98,1%	35,3%	16,0%	12,4%
EBITDA (€m)	2,0	26,1	29,7	35,3	37,9
EBIT (€m) **	-2,6	23,1	22,9	27,8	29,1
Ebit margin (%)	-4,3%	19,1%	14,0%	14,7%	13,7%
Net profit gp (€m) *	-2,4	22,1	21,8	26,6	27,4
Net margin (%) *	-3,9%	18,3%	13,3%	14,0%	12,9%
EPS *	-0,16	1,45	1,42	1,74	1,79

Ratios (Excluding Valuation of Ubisoft shares)					
	2019	2020	2021E	2022E	2023E
EV / Sales	0,6	0,7	0,9	0,6	0,4
EV / EBITDA	17,1	3,2	5,0	3,4	2,3
EV / EBIT	ns	3,7	6,5	4,3	3,0
P / E *	ns	4,6	8,6	7,0	6,8
Gearing (%)	20%	-23%	-38%	-53%	-64%
Net deb. / EBITDA	5,1	-0,7	-1,3	-1,9	-2,6
ROCE (%)	-8%	93%	75%	82%	81%

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

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



# Important disclosures

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Genesta Equity Research stock market recommendations reflect the absolute change expected in the share price from a six to twelve-months perspective (in local currencies).

1. Strong buy	The absolute share price performance is expected to be at least +25 %			
2. Buy	The absolute share price performance is expected to be comprised between +10 % and +25 %			
3. Neutral	The absolute share price performance is expected to be comprised between +10 % et -10 %			
4. Sell	The absolute share price underperformance is expected to be comprised between -10 $\%$ et -25 $\%$			
5. Strong Sell	The absolute share price underperformance is expected to be at least -25 %			

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

Date of 1st publication	Rating	Target Price
August 2 <sup>nd</sup> 2021	Equity Flash  Strong Buy	€ 20.30
May 3 <sup>rd</sup> 2021	Equity Flash  Strong Buy	€ 21.25
March 29 <sup>th</sup> 2021	Annual Research Strong Buy	€ 18.80
February 1st 2021	Equity Flash <b>Buy</b>	€ 12.45
November 2 <sup>nd</sup> 2020	Equity Flash <b>Neutral</b>	€ 8.80
September 24 <sup>th</sup> 2020	Semi-annual Research <b>Buy</b>	€ 7.65

## Ratings distribution



August 2<sup>nd</sup>, 2021 Guillemot



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