

**Guillaume ANOMAN**

Equity research analyst  
ganoman@genesta-finance.com  
+33 (0)1.45.63.68.86

Date of first publication: 2<sup>nd</sup> November 2021**Guillemot****Q3 in growth. Guidance revised upwards!**

After a strong growth in the first semester of 2021, Guillemot confirms, although to a lesser extent, its growth trend in Q3 2021 with an increase in revenue of +4 % YoY (Q3 2021 turnover: € 40.7 million). These figures bring the group's sales for the first nine months of 2021 to € 111.2 million, up +38 % YoY. This quarter, growth was driven by *Thrustmaster*, which accounted for nearly 95 % of sales, with a sales volume of € 38.5 million (+5 % vs. Q3 2020). The *Hercules* brand saw its business volume fall by -15 %. In its press release, Guillemot highlights an increase in its annual guidance (turnover > € 160 million and EBIT > € 30 million). As a result, we are raising our target price to € 24.50 and are issuing a Strong Buy recommendation.

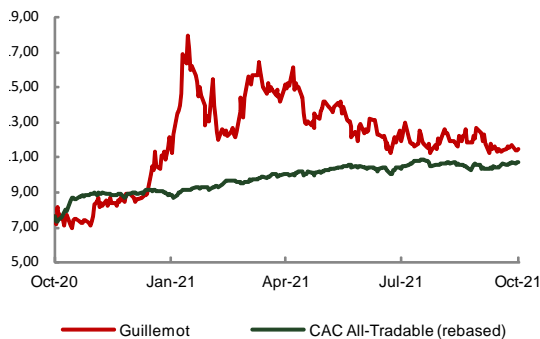
**Recommendation** **1. Strong Buy**  
**Closing Price on 28 Oct. 2021** **€ 11.60**  
**Target Price** **€ 24.50 (+111.2%)**

**Market data**

Reuters / Bloomberg Ticker	GTCN.PA / GUI:FP
Market capitalisation (€m)	177.3
Enterprise value (€m)	159.1
Free Float (€m)	53.91 (30.4 %)
Number of shares	15 287 480
Daily volume	€ 463 479
Capital turnover rate (1 year)	38.42%
High (52 weeks)	€ 17.90
Low (52 weeks)	€ 6.90

**Performances**

Absolute perf.	1 month	6 months	12 months
	-4%	-24%	+ 50.7%

**Current shareholding structure**

Free Float : 30.4 % ; Guillemot Brothers & Family : 68.9 %  
Treasury stocks : 0.7 %

**Agenda**

2021 Sales to be released on January 27th, 2022

**Key figures**

	2019	2020	2021E	2022E	2023E
Sales (€m)	60.9	120.6	162.2	187.5	210.8
Change (%)	-25.1%	98.1%	34.5%	15.6%	12.4%
EBITDA (€m)	2.0	26.1	38.2	41.6	47.3
EBIT (€m) **	-2.6	23.1	30.2	32.0	36.5
Ebit margin (%)	-4.3%	19.1%	18.7%	17.1%	17.3%
Net profit gp (€m) *	-2.4	22.1	29.1	30.8	34.8
Net margin (%) *	-3.9%	18.3%	18%	16.4%	16.5%
EPS *	-0.16	1.45	1.91	2.02	2.28

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

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

	2019	2020	2021E	2022E	2023E
EV / Sales	0.6	0.7	0.8	0.5	0.2
EV / EBITDA	17.1	3.2	3.6	2.3	1.1
EV / EBIT	ns	3.7	4.5	3.0	1.4
P / E *	ns	4.6	6.1	5.7	5.1
Gearing (%)	20%	-23%	-38%	-58%	-72%
Net deb. / EBITDA	5.1	-0.7	-1.1	-1.9	-2.7
ROCE (%)	-8%	93%	84%	89%	109%

**Growth still on track**

Guillemot continued its momentum observed during the 1<sup>st</sup> semester 2021 with a sales growth up to +4 % in Q3 and sales of € 40.7 million for the quarter. This growth over the period despite a high basis of comparison with Q3 2020, which was already up +85 % compared to Q3 2019, demonstrates the seriousness and control of the group, whether in the management of its supplies or in its ability to address the market. The breakdown of revenues for the 2 businesses is as follows:

- **Thrustmaster** posted a turnover of € 38.5 million in Q3 2021 (+5 % yoy). Once again, the quality of the products marketed has been praised by specialists, in particular the latest *Thrustmaster T248* steering wheel. The brand continues to sign prestigious partnerships as recently with *Boeing* on yokes in addition to the one already signed with *Airbus* on joysticks. In the automotive segment, *Thrustmaster* can count on its partnerships with *Ferrari* and the *A1F*. These alliances reinforce *Thrustmaster's* brand image and leadership in simulation games.
- 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 € 2.2 million, a decrease of -15 % compared to Q3 2020.

**Management confidence for the end of the year**

In Q4 2021, the challenge for the sector is going to be product availability (in stores and for e-commerce). Thanks to its strong production in Q3 2021 as well as its strategy of pre-routing goods in Europe and the United States, the group should not suffer from a lack of availability. The shift of some billings from Q3 to Q4 due to recent logistical tensions will also benefit turnover in the last quarter.

Thus, in light of the sales volume achieved over the first nine months of the year and the excellent outlook for Q4 2021, Guillemot's results for the current fiscal year should be better than initially expected. With this in mind, the management raises its guidance, announcing 2021 sales greater than € 160 million and an operating profit greater than € 30 million.

**Opinion and Recommendation**

The excellent figures unveiled so far, as well as management's confidence in the good performance of Q4 2021, lead us to raise our margin estimates. Our target price has been raised to € 24.50 - Strong Buy Opinion.

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

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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).

<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 % et -10 %
<b>4. Sell</b>	The absolute share price underperformance is expected to be comprised between -10 % et -25 %
<b>5. Strong Sell</b>	The absolute share price underperformance is expected to be at least -25 %

Details of valuation methods used by Genesta Equity Research in target price calculations are available at [www.genesta-finance.com](http://www.genesta-finance.com).

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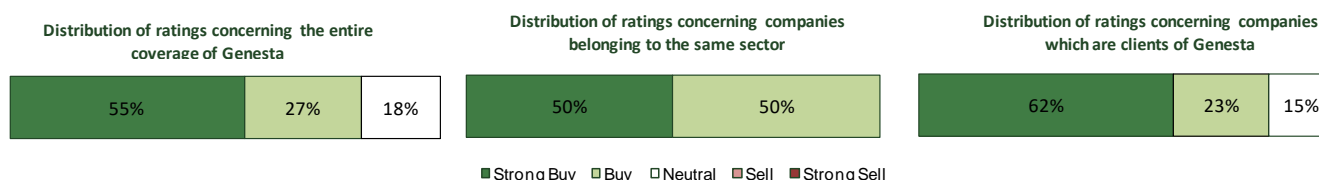
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No	No	No	No	Yes	No	No

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

Date of 1 <sup>st</sup> publication	Rating	Target Price
November 2 <sup>nd</sup> 2021	Equity Flash <b>Strong Buy</b>	€ 24.50
September 27 <sup>th</sup> 2021	Semi-annual Research <b>Strong Buy</b>	€ 23.55
August 2 <sup>nd</sup> 2021	Equity Flash <b>Strong Buy</b>	€ 20.30
May 3 <sup>rd</sup> 2021	Equity Flash <b>Strong Buy</b>	€ 21.25
March 29 <sup>th</sup> 2021	Annual Research <b>Strong Buy</b>	€ 18.80
February 1 <sup>st</sup> 2021	Equity Flash <b>Buy</b>	€ 12.45
November 2 <sup>nd</sup> 2020	Equity Flash <b>Neutral</b>	€ 8.80

### Ratings distribution



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