

**Guillaume ANOMAN**

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

Date of first publication: May 2<sup>nd</sup>, 2022**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)**.

**Recommendation**

Closing Price on April 28 2022

Target Price

**1. Strong Buy**

€ 12.14

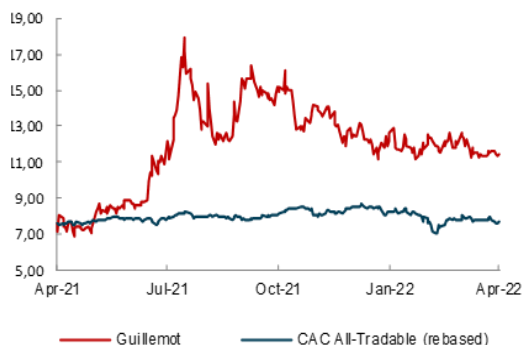
€ 19.30 (+59%)

**Market data**

Reuters / Bloomberg Ticker	GTCN.PA / GUI:FP
Market capitalisation (€m)	185.6
Enterprise value (€m)	180.4
Free Float (€m)	56.1 (30.2 %)
Number of shares	15 287 480
Daily volume	€ 493 618
Capital turnover rate (1 year)	39.1%
High (52 weeks)	€ 16.54
Low (52 weeks)	€ 11.18

**Performances**

Absolute perf.	1 month	6 months	12 months
	-19%	-10.2%	-20%

**Current shareholding structure**

Free Float: 30.2 % ; Guillemot Brothers & Co: 69.49%  
Treasury stocks: 0.28 %

**Agenda**

S1 2021 Turnover to be released on July 28th, 2022

**Key figures**

	2020	2021	2022E	2023E	2024E
Sales (€m)	120.6	176.8	216.7	238.6	258.2
Change (%)	98.1%	46.5%	22.6%	10.1%	8.2%
EBITDA (€m)	26.1	39.7	47.6	60	66.6
EBIT (€m) **	23.1	33	37.9	47.9	53.5
Ebit margin (%)	19.1%	18.7%	17.5%	20.1%	20.7%
Net profit gp (€m) †	22.1	30	34.2	46.2	51.8
Net margin (%) *	18.3%	17%	15.8%	19.4%	20.1%
EPS *	1.45	1.96	2.24	3.02	3.39

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

	2020	2021	2022E	2023E	2024E
EV / Sales	0.7	1	0.6	0.4	0.2
EV / EBITDA	3.2	4.5	2.7	1.4	0.6
EV / EBIT	3.7	5.5	3.3	1.8	0.7
P / E *	4.6	6.2	5.4	4	3.6
Gearing (%)	-23%	-6%	-66%	-83%	-84%
Net debt/EBITDA	-0.7	-0.1	-1.2	-1.7	-2.2
ROCE (%)	93%	49%	71%	108%	127%

\* 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

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**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 %. In details:

- **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 terms of market share on that continent. In parallel, the U.S. market for gaming wheels grew by more than 78 % in value. Q1 demonstrates the ability of the market 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 group's 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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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 %

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

Date	Opinion	Objectif de cours
May 2 <sup>nd</sup> 2022	Equity Flash <b>Strong Buy</b>	€ 19.30
March 30 <sup>th</sup> 2022	Annual Research <b>Strong Buy</b>	€ 19.60
January 31 <sup>st</sup> 2022	Equity Flash <b>Strong Buy</b>	€ 26.50
November 2 <sup>nd</sup> 2021	Equity Flash <b>Strong Buy</b>	€ 24.50
September 27 <sup>th</sup> 2021	Semi-annual Research <b>Achat Fort</b>	€ 23.55
August 2 <sup>nd</sup> 2021	Equity Flash <b>Strong Buy</b>	€ 20.30

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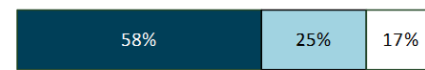
■ Strong Buy ■ Buy □ Neutral ■ Sell ■ Strong Sell

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■ Strong Buy ■ Buy □ Neutral ■ Sell ■ Strong Sell

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