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## Guillemot

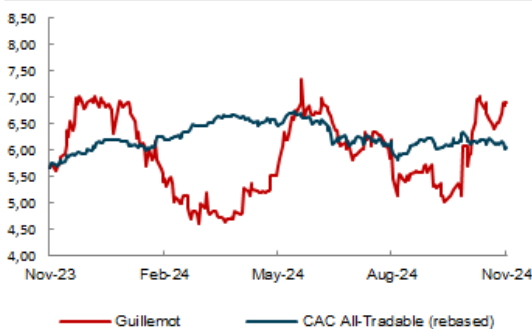
### Q3 sales up +3% on Thrustmaster and the US

Q3 sales went out up c.3% YoY, keeping up the good momentum, driven by Thrustmaster (+9% YoY), thanks to numerous successful launches since the beginning of the year, and the North American region (+26%), while Hercules disappointed (-38% YoY) against a difficult comparison basis and fiercer competition. The group reiterated its guidance (sales growth and positive operating result) as it will continue to strengthen market share in Q4 thanks to new releases and partnerships. The valuation looks attractive to us at low levels (3.5x NTM EV/EBITDA vs. historical average at 4.1x) and based on reasonable expectations, in our view. **TP raised to € 8.0 (from € 7.5). Buy.**

<b>Recommendation</b>	<b>2. Buy</b>
<b>Closing Price on 31 oct 2024</b>	<b>€ 6.9</b>
<b>Target Price</b>	<b>€ 8.00 (+15.9%)</b>

Market data	
Reuters / Bloomberg Ticker	GTCN.PA / GUI:FP
Market capitalisation (€m)	104.1
Enterprise value (€m)	82.8
Free Float (€m)	31.47 (30.2%)
Number of shares	15 087 480
Daily volume	€ 103 191
Capital turnover rate (1 year)	12,79%
High (52 weeks)	€ 7,34
Low (52 weeks)	€ 4,61

Performances			
Absolute perf.	1 month	6 months	12 months
	+21%	+25%	+22%



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

Agenda	
FY sales 2024 :	27 Jan. 2024 (after market) TBC

Key figures					
	2022	2023	2024E	2025E	2026E
Sales (€m)	188,0	119,1	131,3	138,7	144,6
Change (%)	0,1	-0,4	0,1	0,1	0,0
EBITDA (€m)	41,9	10,9	17,6	22,4	25,6
EBIT (€m)	34,2	2,5	8,4	12,7	15,4
Ebit margin (%)	18,2%	2,1%	6,4%	9,2%	10,7%
Net profit gp (€m) *	27,7	2,5	7,4	10,5	12,8
Net margin (%) *	14,8%	2,1%	5,6%	7,6%	8,8%
EPS *	1,84	0,16	0,49	0,70	0,85

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

Ratios (Excluding Valuation of Ubisoft shares)					
	2022	2023	2024E	2025E	2026E
EV / Sales	0,9	0,7	0,6	0,5	0,3
EV / EBITDA	4,2	8,0	4,6	2,9	1,9
EV / EBIT	5,1	34,7	9,6	5,1	3,2
P / E *	7,1	42,2	14,1	9,9	8,1
	0,0	0,0	0,0	0,0	0,0
Gearing (%)	-20%	-16%	-22%	-33%	-42%
Net debt/EBITDA	-0,5	-1,5	-1,4	-1,8	-2,1
ROCE (%)	19%	1%	6%	9%	10%

### Good momentum continues in Q3

Group published Q3 sales up +3% YoY to €36.5 M, keeping up the good momentum after Q1 up +27.5% and Q2 up +7,2%. Thrustmaster's Q3 sales stood at € 33.5 M, up +9% YoY thanks to numerous successful launches since the beginning of the year. Hercules sales were down 38% YoY to € 3.0 M. on a difficult comparison basis and due to increased competitive pressure. The group has launched a promotional action plan. By geography, sales were driven by North America (+26%) whilst Europe and the UK were stable. The Rest of the World was down -10%. As at end of September 2024, the group's financial situation remains very healthy, with negative net debt of €14.9 M excluding investment securities (Ubisoft shares).

### New products and partnerships to stimulate growth in Q4

The group relies on its partnerships and major new products to continue to strengthen its market share in Q4. We recall that Thrustmaster has recently signed a 3-year strategic commercial agreement with JD.com, the number one in eCommerce in China, for the distribution of its products. In Racing, Thrustmaster has announced the release of its first Direct Axial Drive racing wheel, T598, from October 19 in the American chain of stores Best Buy, then in China from mid-November and in Europe from late November. The group will also build on the release of major new products, of which the following new games « Test Drive Unlimited Solar Crown » on 12 September and « Microsoft Flight Simulator 2024 » on 19 November. At the same time, in the flying/joysticks' universe, Thrustmaster has launched its new "T.Flight Hotas One Microsoft Flight Simulator Edition" joystick that will be available from November 19. The AVA range will be enriched in Q3 by the sale of the AVA Hornet joystick.

### TP up to € 8.0 (from € 7.5) - Buy

We believe that the market has integrated the landing of sales in 2023 as well as some caution in its 2024 expectations. Consequently, the valuation seems attractive to us because shares trade at low levels, based on reasonable expectations. The stock currently trades at 3.5x NTM EV/EBITDA vs. its historical average of 4.1x. **TP raised to € 8.0 (from € 7.5). Buy (from Strong Buy).**

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## Dynamic Q3 2024 sales up +3% YoY thanks to Thrustmaster and the US

The group published Q3 2024 sales up +3% YoY to €36.5 M, keeping up the good momentum after Q1 up +27.5% and Q2 up +7,2%.

### By activity:

**Thrustmaster's** Q3 sales stood at € 33.5 M, up +9% YoY thanks to numerous successful launches since the beginning of the year.

- The new EVO Racing 32R Leather steering wheel was released at the beginning of May.
- At the same time, in the flying/joysticks' world, the new AVA range, modular for high-end Thrustmaster joysticks, has had a good start since its launch.
- Finally, in farming/trucking, the commercial deployment of the new SimTask range, available since November 2023, is still in progress.

Q3 sales for **Hercules** were down 38% YoY to € 3.0 M. on a difficult comparison basis, as the same period last year benefited from the launch of the DJControl Impulse T7 turntable, and due to increased competitive pressure. The group has launched a promotional action plan.

### By geography:

Sales were driven by North America (+26%) whilst Europe and the UK were stable. The Rest of the World was down -10%.

In terms of balance sheet, as at end of September 2024, the group's financial situation was still very healthy, with negative net debt of €14.9 M excluding investment securities (Ubisoft shares).

## Sales by period (€ M)

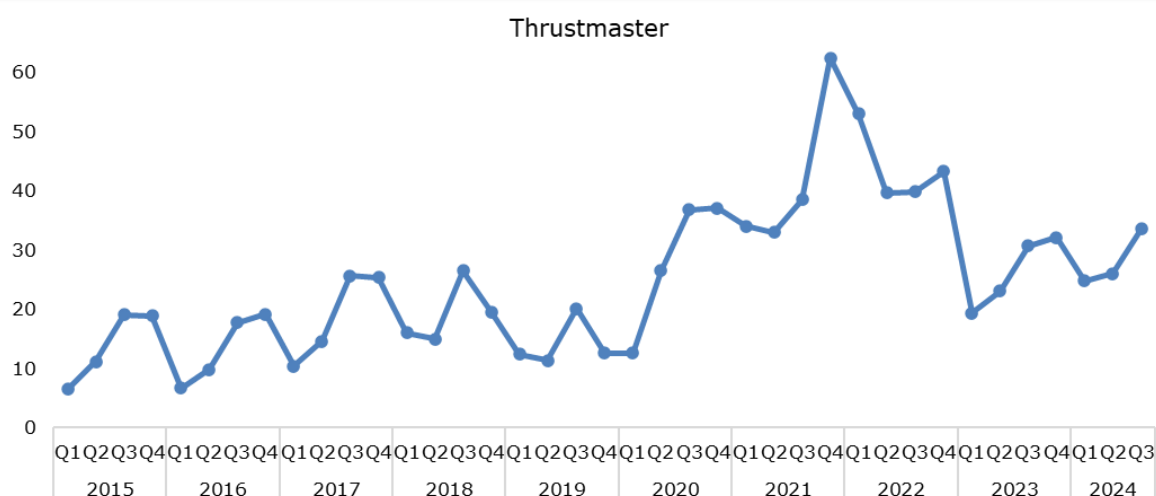
CA par marque (M€)	2022									2023					2024		
	FY	Q1	Q2	H1	Q3	9M	Q4	H2	FY	Q1	Q2	H1	Q3	9M			
Hercules	12,5	2,5	3,3	5,8	4,8	10,6	3,6	8,4	14,2	3,1	2,2	5,3	3	8,3			
Thrustmaster	175,5	19,3	23,0	42,3	30,6	72,9	32,0	62,6	104,9	24,7	26	50,7	33,5	84,2			
<b>TOTAL</b>	<b>188</b>	<b>21,8</b>	<b>26,3</b>	<b>48,1</b>	<b>35,4</b>	<b>83,5</b>	<b>35,6</b>	<b>71,0</b>	<b>119,1</b>	<b>27,8</b>	<b>28,2</b>	<b>56</b>	<b>36,5</b>	<b>92,5</b>			

Var YoY (%)	2022									2023					2024		
	FY	Q1	Q2	H1	Q3	9M	Q4	H2	FY	Q1	Q2	H1	Q3	9M			
Hercules	38,9%	-16,7%	26,9%	3,6%	50,0%	20,5%	-2,7%	21,7%	13,6%	24,0%	-33,3%	-8,6%	-37,5%	-21,7%			
Thrustmaster	4,6%	-63,5%	-41,9%	-54,3%	-23,1%	-44,9%	-25,9%	-24,6%	-40,2%	28,0%	13,0%	19,8%	9,5%	15,5%			
<b>TOTAL</b>	<b>6,3%</b>	<b>-61,0%</b>	<b>-37,7%</b>	<b>-51,0%</b>	<b>-17,7%</b>	<b>-40,8%</b>	<b>-24,0%</b>	<b>-21,0%</b>	<b>-36,6%</b>	<b>27,5%</b>	<b>7,2%</b>	<b>16,4%</b>	<b>3,1%</b>	<b>10,8%</b>			

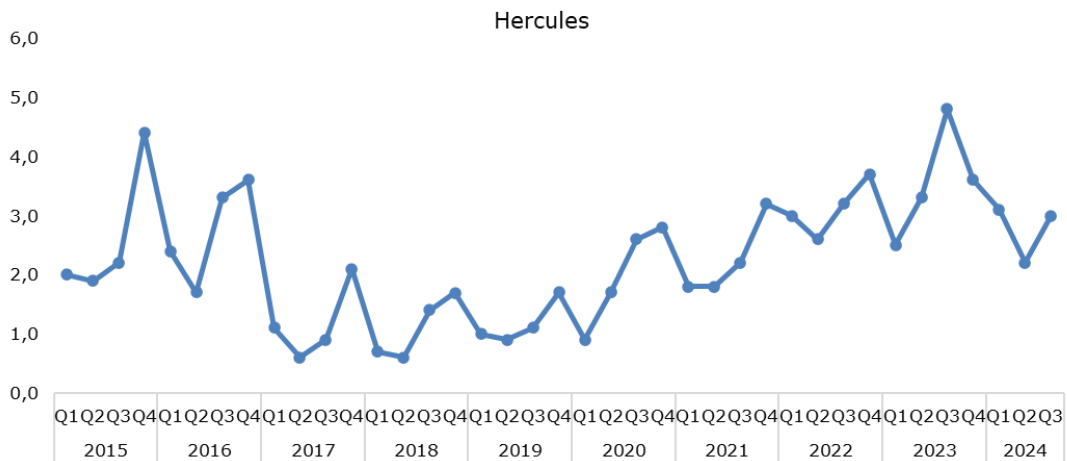
Source : Company & In Extenso Finance

## Quarterly sales - Thrustmaster (€ M)



Source : Company & In Extenso Finance

## Quarterly sales - Hercules (€ M)



Source : Company & In Extenso Finance

## Outlook: new products and partnerships to continue to gain market share in Q4

The group maintained its view of sales growth and a positive FY operating result, relying on its partnerships and major new products to continue to strengthen its market share in Q4.

### Thrustmaster

On September 19, Thrustmaster signed a 3-year strategic commercial agreement with JD.com, the number one eCommerce company in China.

In Racing, Thrustmaster has announced the official release of its first Direct Axial Drive racing wheel, T598, which will be available from October 19 in the American chain of stores Best Buy, then in China from mid-November and in Europe from late November.

The group will also build on the release of major new products, of which the following new games « Test Drive Unlimited Solar Crown » on 12 September and « Microsoft Flight Simulator 2024 » on 19 November.

At the same time, in the flying/joysticks' universe, Thrustmaster has launched its new "T.Flight Hotas One Microsoft Flight Simulator Edition" joystick for Xbox and PC. It will be available from November 19. The AVA range will be enriched in Q3 by the sale of the AVA Hornet joystick.

### Hercules

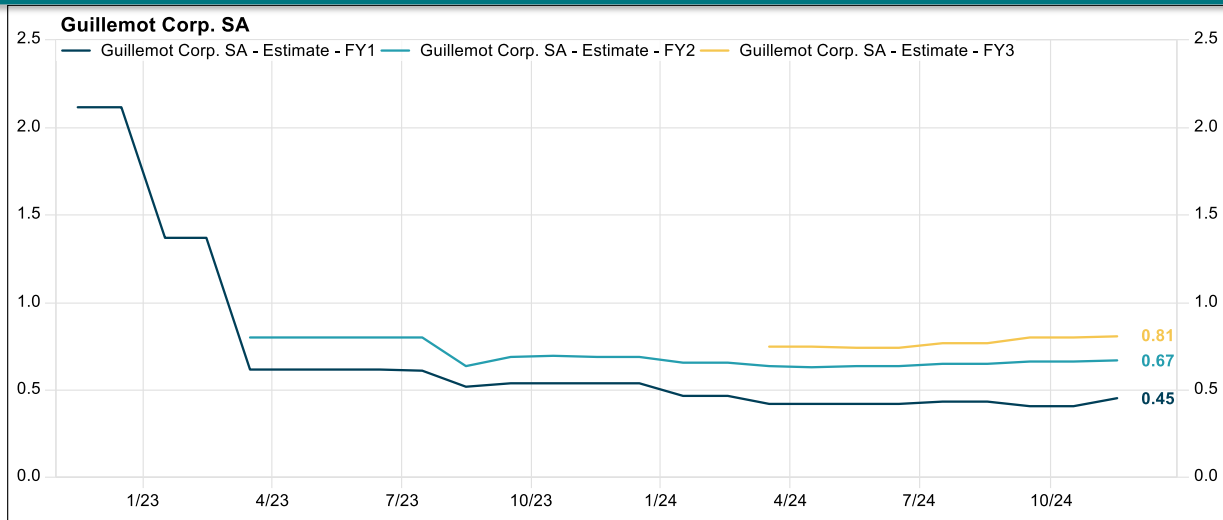
Hercules took part in the Music China 2024 trade fair, where it exhibited its DJ products. In Q4, Hercules will launch complete packs for getting started in DJing with Hercules "DJ Essentials Kit". The DJing range continues to increase its references and obtains good feedback in the specialized press and on social networks.

In parallel, Hercules aims to create a real ecosystem around the Hercules Stream range. In this new streaming market, Hercules is confident in its ability to meet the needs of streamers.

### Stable consensus EPS on reasonable level

Given the sales landing in 2023 (CA FY -36% YoY) and the prospects of a return to growth in 2024 on balanced inventory levels and a lower basis of comparison, we believe that the downward cycle of revisions to EPS estimates for the group has come to an end.

### 2024-26E consensus EPS

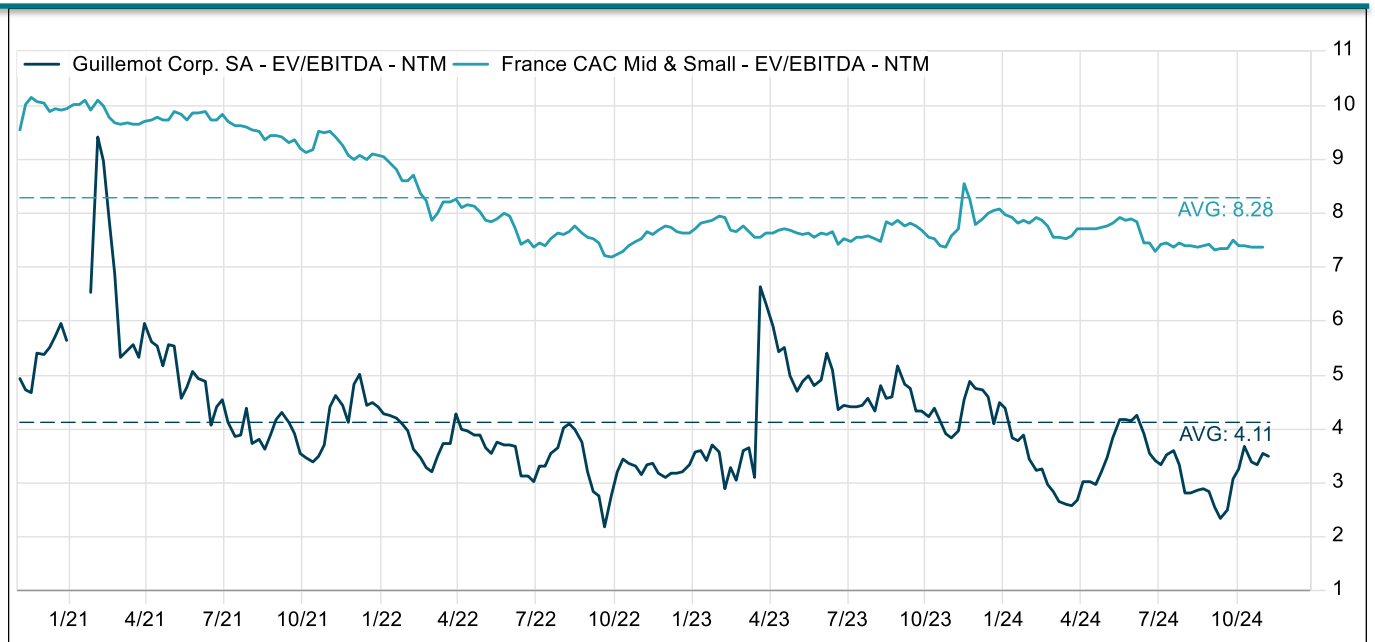


Source : Factset & In Extenso Finance

### Attractive valuation multiples

Shares currently trade at 3.5x NTM EV/EBITDA vs. historical average of 4.1x. Yet the volume of group sales has doubled from about € 61 M in 2019 to c. €120 M in 2023.

### NTM EV/EBITDA vs historical average for Guillemot and France CAC Mid & Small



Source : Factset & In Extenso Finance

## Important disclosures

### In Extenso Finance ratings and target prices definition

In Extenso Finance 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 Finance 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

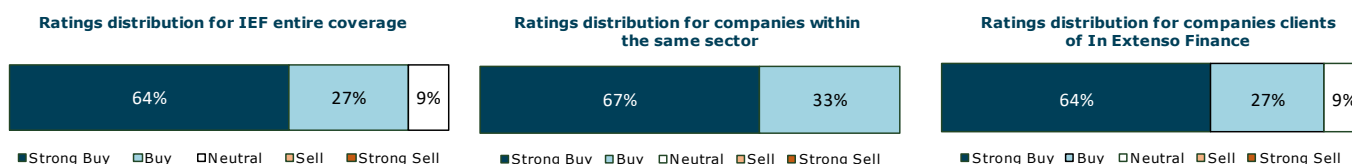
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No	No	No	No	Yes	No	No

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

Date	Rating	Target price
November 4 <sup>th</sup> 2024	Equity Flash <b>Buy</b>	€ 8.0
September 27 <sup>th</sup> 2024	Semi-annual Research <b>Strong Buy</b>	€ 7.5
July 26 <sup>th</sup> 2024	Equity Flash <b>Buy</b>	€ 7.1
April 26 <sup>th</sup> 2024	Equity Flash <b>Buy</b>	€ 6.3
March 28 <sup>th</sup> 2024	Annual Research <b>Strong Buy</b>	€ 6.3
January 26 <sup>th</sup> 2024	Equity Flash <b>Buy</b>	€ 7.0
October 27 <sup>th</sup> 2023	Equity Flash <b>Buy</b>	€ 6.9
October 2 <sup>nd</sup> 2023	Semi-annual Research <b>Buy</b>	€ 7.1

### Ratings distribution



## Additional disclosures

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