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## Guillemot

### Disappointing Q4 sales on lower wheel market

Group published Q4 sales down -8% YoY in mixed markets. Over the year, sales came in at € 125.1 M (vs. our estimate of € 131.3 M), up +5% YoY. Thrustmaster fell by c.-10% in Q4, after +15.5% in 9M and despite a rather favorable basis of comparison, due to (1) the decline of the steering wheel market for most of H2, and (2) the too gradual ramp-up in production of the new T598 steering wheel which did not cover all needs. For 2025, the group anticipates new growth which it will stimulate with new products in addition to those recently launched. We slightly reduce our results estimates (i.e. by -10%) and thus adjust our TP from € 8.0 to € 7.5. The stock trades on 3x 12-month EV/EBITDA vs. its historical average of 4x. Buy reiterated.

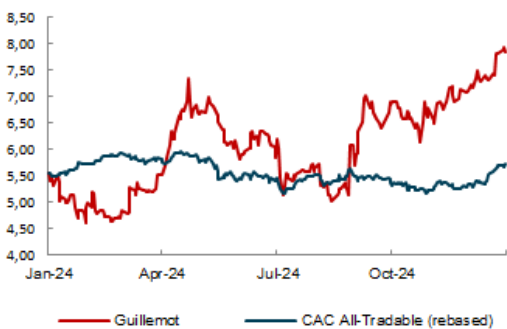
<b>Recommendation</b>	<b>2. Buy</b>
<b>Closing Price on 31 Jan. 2025</b>	<b>€ 6.2</b>
<b>Target Price</b>	<b>€ 7.50 (+21%)</b>

#### Market data

Reuters / Bloomberg Ticker	GTCN.PA / GUI:FP
Market capitalisation (€m)	93.5
Enterprise value (€m)	72.2
Free Float (€m)	28.28 (30.2%)
Number of shares	15 087 480
Daily volume	€ 97 903
Capital turnover rate (1 year)	13,50%
High (52 weeks)	€ 7,92
Low (52 weeks)	€ 4,61

#### Performances

Absolute perf.	1 month	6 months	12 months
	+11%	+34%	+41%



#### Current shareholding structure

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

#### Agenda

FY2024 results : 26 March 2025 (after market)

### Q4 sales down -8% in mixed markets

Group published Q4 2024 sales down -8% YoY to € 32.6 M in mixed markets. Over the FY, sales came in at € 125.1 M (vs our estimate of € 131.3 M), up +5% YoY.

### Thrustmaster down -10% in Q4 in a weaker wheel market

Thrustmaster's Q4 sales fell by c.-10% YoY to € 28.9 M (+8% on FY). This performance is disappointing in view of the dynamics recorded over the first 9 months of the year (+15.5%) and the basis of comparison which was rather favorable (Q4 last year down -c.26% YoY). This decline was due, on the one hand, to the withdrawal of the steering wheel market for most of H2, with a slight recovery in December thanks to promotional offers. On the other hand, the gradual ramp-up of production of the new T598 steering wheel (which got off to a good start) did not make it possible to cover all needs. This poor performance was not offset by the good performance of the joystick market, growing by double digits since the release of the game "Microsoft Flight Simulator 2024" in November. For its part, Hercules' Q4 turnover increased by +3% YoY to € 3.7 M in a sluggish market since the start of 2024 (-15% over FY2024).

### New growth in 2025 stimulated by new products

To lessen the impact of the economic slowdown, the group plans to stimulate demand with new products in 2025, which will be added to those launched recently. Thus, it anticipates further growth in sales and a positive operating result for the 2025 financial year.

### New estimates down by c.-10%

Visibility is quite limited. Our new estimates include +5% growth in activity in 2025. Our EPS expectations are c.10% below the consensus, which should therefore adjust downwards, in our opinion.

### TP adjusted to € 7.5 (from € 8.0) - Buy reiterated

As a result, we reduce our price target from € 8.0 to € 7.5 (DCF and comps average). The stock currently trades at 3x 12-month EV/EBITDA vs. its historical average at 4x, a level that we still consider attractive. We emphasize that the group has managed to double its sales level compared to the pre-Covid situation (sales of c.€ 61 M in 2019 vs. c.€ 120 M in 2023). Buy reiterated.

#### Key figures

	2022	2023	2024E	2025E	2026E
Sales (€m)	188,0	119,1	125,1	131,4	136,7
Change (%)	6,4%	-36,6%	5,0%	5,0%	4,1%
EBITDA (€m)	41,9	10,9	16,5	21,0	23,9
EBIT (€m)	34,2	2,5	7,7	11,8	14,3
Ebit margin (%)	18,2%	2,1%	6,2%	9,0%	10,5%
Net profit gp (€m) *	27,7	2,5	6,8	9,8	11,9
Net margin (%) *	14,8%	2,1%	5,5%	7,4%	8,7%
EPS *	1,84	0,16	0,45	0,65	0,79

\* 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	0,6	0,5	0,4	0,3
EV / EBITDA	4,2	7,1	4,1	2,5	1,7
EV / EBIT	5,1	30,5	8,8	4,5	2,8
P / E *	7,1	38,0	13,7	9,6	7,9
	0,0	0,0	0,0	0,0	0,0
Gearing (%)	-20%	-16%	-24%	-34%	-42%
Net debt/EBITDA	-0,5	-1,5	-1,6	-1,9	-2,3
ROCE (%)	19%	1%	5%	8%	9%

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## Q4 2024 sales below expectations on lower racing wheel market

Group published Q4 2024 sales down -8% YoY to € 32.6 M in mixed markets. Over the FY, sales came in at € 125.1 M (vs our estimate of € 131.3 M), up +5% YoY.

By activity:

**Thrustmaster's** Q4 sales fell c.-10% to € 28.9 M. For the year 2024, turnover was up +8%.

This quarterly performance is disappointing given the momentum recorded by Thrustmaster over the first 9 months of the year (+15.5%) and given the basis of comparison which was rather favorable (Q4 last year down by -c.26% YoY).

The group explained this decline:

- On the one hand, the steering wheel market declined over most of H2, with a slight recovery in December thanks to end-of-year promotional offers.
- On the other hand, the gradual ramp-up of production of the new T598 steering wheel (which started well) did not make it possible to cover all needs.

Conversely, the joystick market has grown double-digits since the release of the game "Microsoft Flight Simulator 2024" in November.

**Hercules'** Q4 sales increased by +3% YoY to € 3.7 M in a sluggish market since the start of 2024. In FY 2024 overall, turnover was down -15%.

### Sales by period (€ M)

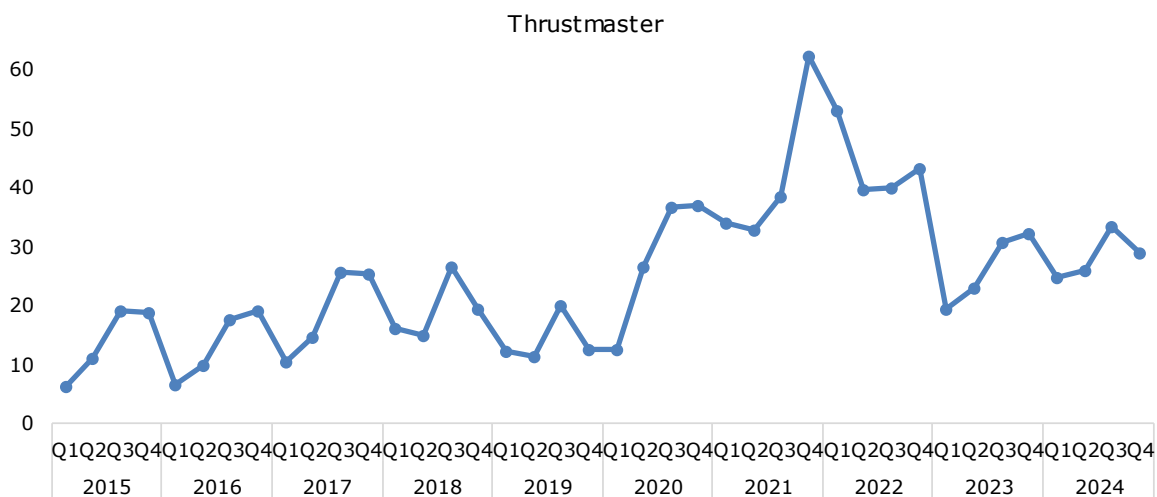
	2022								2023				2024				2024
	FY	Q1	Q2	H1	Q3	9M	Q4	H2	FY	Q1	Q2	H1	Q3	9M	Q4	H2	FY
Hercules	12,5	2,5	3,3	5,8	4,8	10,6	3,6	8,4	14,2	3,1	2,2	5,3	3,0	8,3	3,7	6,7	12,0
Thrustmaster	175,5	19,3	23,0	42,3	30,6	72,9	32,0	62,6	104,9	24,7	26	50,7	33,5	84,2	28,9	62,4	113,1
<b>TOTAL</b>	<b>188</b>	<b>21,8</b>	<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>	<b>32,6</b>	<b>69,1</b>	<b>125,1</b>

	2022								2023				2024				2024
	FY	Q1	Q2	H1	Q3	9M	Q4	H2	FY	Q1	Q2	H1	Q3	9M	Q4	H2	FY
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%	2,8%	-20,2%	-15,5%
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%	-9,7%	-0,4%	7,8%
<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>	<b>-8,5%</b>	<b>-2,7%</b>	<b>5,0%</b>

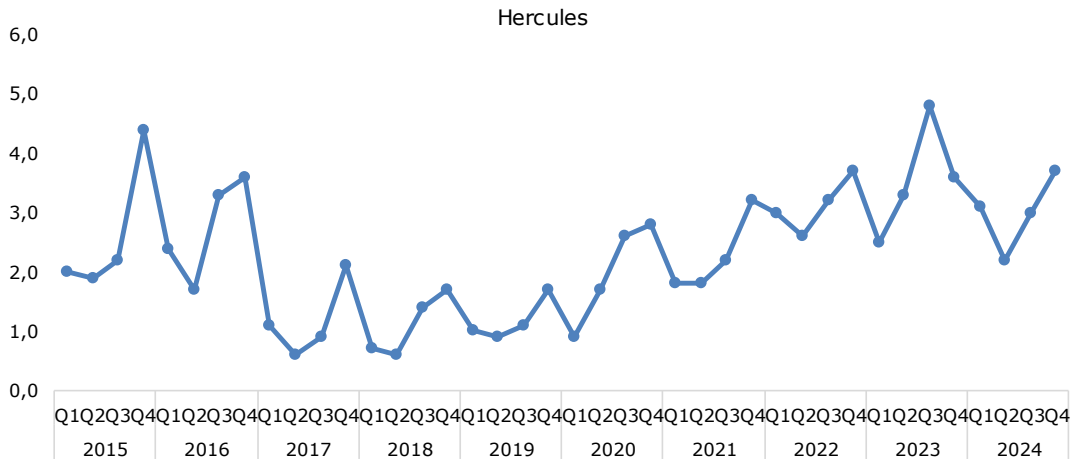
Source : Company & In Extenso Finance

### Quarterly sales - Thrustmaster (€ M)



Source : Company & In Extenso Finance

## Quarterly sales - Hercules (€ M)



Source : Company & In Extenso Finance

## Outlook: growth in 2025 sales stimulated by new products

To lessen the impact of the economic slowdown, the group plans to stimulate demand with new products in 2025, which will be added to those launched recently. Thus, it anticipates further growth in sales and a positive operating result for the 2025 financial year.

### Thrustmaster

#### Racing

The Group will gradually ramp up production of its brand-new T598 racing wheel and ship the product worldwide.

#### Flying / Joysticks

The group relied on the global launch of the flight simulation game Microsoft Flight Simulator 2024 to market its new T.Flight Hotas One joystick last November. The Flying market is experiencing great momentum which benefits the entire range.

#### Gamepads :

The new "Heart Controller", launched in H2 2024, is at the top of the group's gamepad sales.

#### Farming / Trucking :

The release of the game "Farming Simulator 25" on November 12 is a growth lever for Thrustmaster.

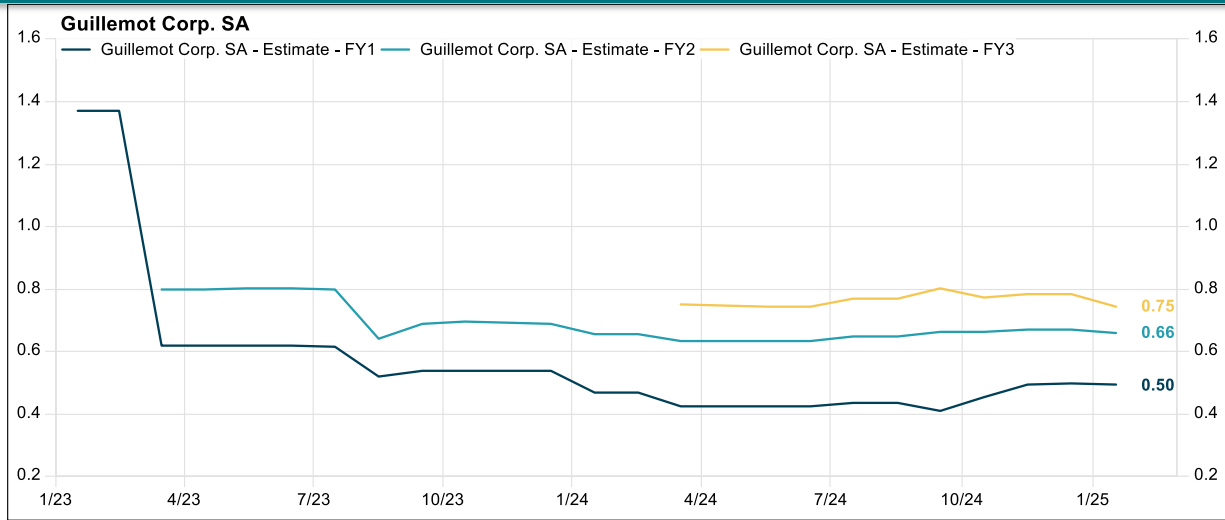
### Hercules

Hercules presented its latest innovation, the DJControl Mix Ultra turntable, the first completely wireless mobile DJ controller.

## Consensus EPS should come down, in our view

Our new estimates are around 10% below consensus, which therefore should adjust downwards, in our opinion.

### 2024-26E consensus EPS

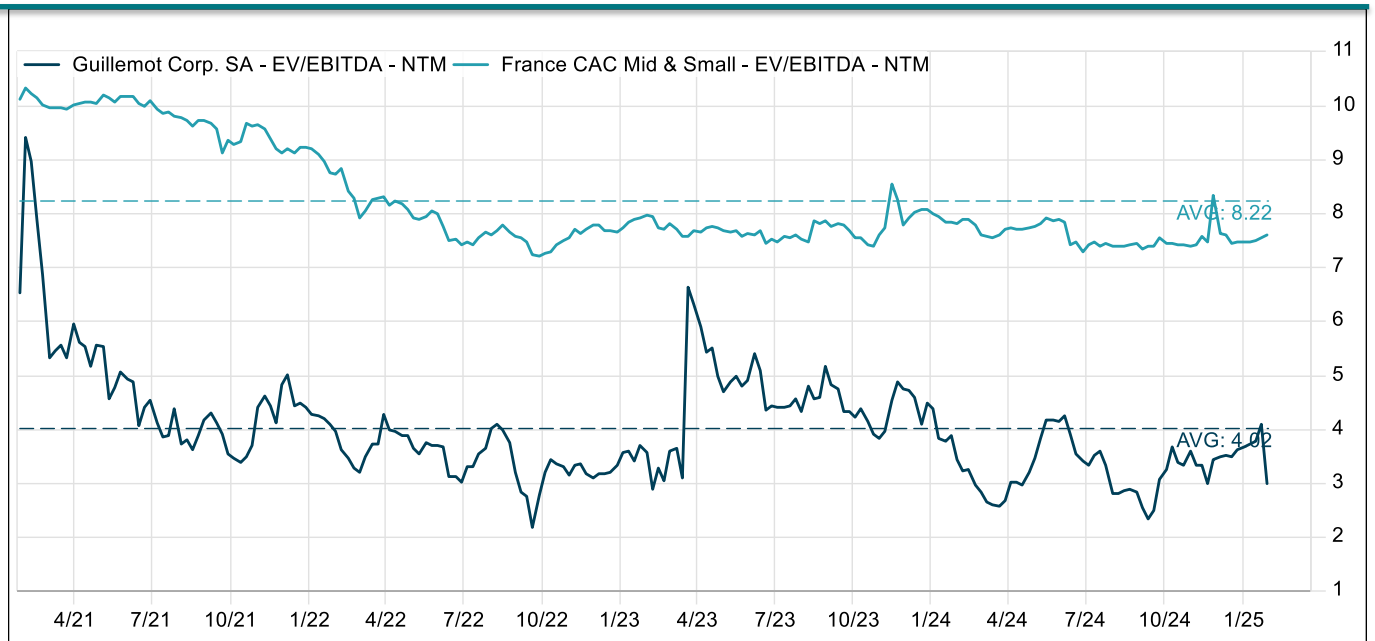


Source : Factset & In Extenso Finance

## Attractive valuation multiples

Shares currently trade at 3x NTM EV/EBITDA vs. historical average of 4x. Yet group sales have doubled from about € 61 M in 2019 to c. € 120 M in 2023.

### NTM EV/EBITDA



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

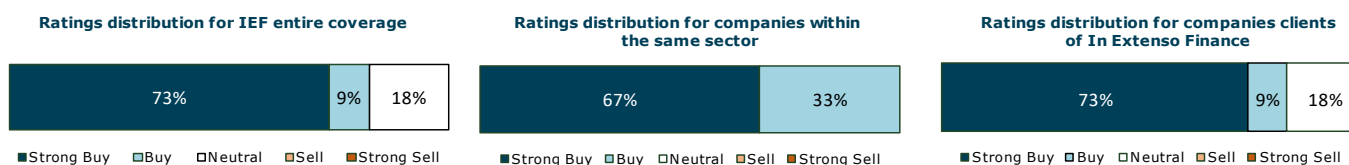
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No	No	No	No	Yes	No	No

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

Date	Rating	Target price
February 3 <sup>rd</sup> 2025	Equity Flash <b>Buy</b>	€ 7.5
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

### Ratings distribution



## Additional disclosures

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