



Annual Results 2014

Guillemot Corporation SA

Presentation to the SFAF
March 27, 2015, Paris



Hercules' four product ranges

DJing and digital music



Multimedia speakers



Wireless speakers for smartphones and tablets



Webcams





Thrustmaster's four product ranges

Racing wheels



Gaming headsets



Gamepads



Joysticks





Highlights of 2014



Highlights of 2014

2014 was a sharply contrasted year, owing to:

- On the one hand, **Thrustmaster**'s operations being driven by the deployment of new game consoles and the launch of new devices dedicated to high-profile releases on these systems
- On the other hand, **Hercules**' operations being affected by a slower Consumer PC market and the termination of certain product ranges that no longer ensured sufficient profitability (Wi-Fi and PLC ranges).



Highlights of 2014

❖ **Solid performance from Thrustmaster** throughout the year

- The brand holds a leading position in the field of racing wheels for next-generation game consoles.
- Thrustmaster experienced strong sales growth in North America.
- The brand's accessories ranges have now been established on the Japanese market.
- Thrustmaster occupies a strategic position owing to its partnerships with Sony, Microsoft, Ferrari and the US Air Force, allowing the brand to penetrate global markets.

❖ **The Group's internationalization continues at an accelerated rate**

- Sales growth of 31% outside Europe (excluding OEM) throughout the financial year.
- In just five years, the share of the Group's sales outside Europe **has risen from 13% to 36% of its turnover** (*7.9 M Euros vs. 14.6 M Euros*).
- Sales growth in the Asia/Pacific area, rising **from 4% to 7% of the Group' turnover (excluding OEM) throughout the year.**



- ❖ **WAE BTP04 Outdoor speakers made a breakthrough on the French market**, with their distribution being extended to major specialized retailers.
- ❖ **Strong growth of the audio streaming market in the USA** (+74% in volume, +58% in value in 2014), and appearance of a Consumer segment in Europe.
- ❖ **Sales growth in the Consumer DJing segment.**
- ❖ **Two new audio devices were released**, the Hercules DJControlWave and WAE NEO; both received CES Innovations Design and Engineering Awards at the 2014 Las Vegas CES.
- ❖ **There is little news regarding OEM shipments in 2014**, but developments are planned in the next few years.



- ❖ **The logistics base in Asia was expanded** to ensure direct deliveries to key customers and optimize the supply chain.
- *Significant decrease in the company's transport, temporary storage and carbon footprint.*
- *Improvement of working capital requirements*
- *Stocks were reduced by 26%, from 10 M€ to 7.4 M€.*



Presentation of the 2014 annual accounts



2014 key figures

(€m)	Dec 31. 2014	Dec 31. 2013
Sales	40,3	43,7
Net operating income from ordinary activities	-2,5	-1,6
Net operating income	-2,5	-2,4
Net financial income*	1,8	1,7
Consolidated net income	-0,9	-0,8
Earnings per share	-0,06 €	-0,06 €
Shareholders' equity	18,3	19,1
Inventories	7,4	10,0
Net debt (excl. MIS) **	7,2	9,0
Current financial assets (MIS)	7,0	6,9

* Financial income includes the cost of net financial indebtedness, as well as other financial expenses and revenues

** Marketable Investment Securities (MIS) are not taken into account when calculating net debt.



▪ Sales by geographical zone (incl. OEM)

(€m)	Dec 31, 2014	Dec 31, 2013	
France	7,5	11,7	-36%
European Union (excl. France)	18,2	18,3	-1%
Others	14,6	13,7	+7%
TOTAL	40,3	43,7	-8%

▪ Sales by activity

(€m)	Dec 31, 2014	Dec 31, 2013	
Hercules	12,3	21,4	-43%
Digital peripheral devices	11,6	17,3	-33%
OEM	0,7	4,1	-83%
Thrustmaster	28,0	22,3	+26%
Gaming accessories	28,0	22,3	+26%
TOTAL	40,3	43,7	-8%



Income statement to December 31, 2014



(€k)	Dec 31, 2014	Dec 31, 2013
Net sales	40 284	43 679
Purchases	-17 836	-20 465
External expenses	-9 819	-9 818
Employee expenses	-7 065	-6 968
Taxes and duties	-261	-323
Additions to amortization and depreciation	-2 737	-2 232
Additions to provisions	-732	-911
Change in inventories	-2 184	-2 991
Other income from ordinary activities	243	142
Other expenses from ordinary activities	-2 417	-1 762
Net operating income from ordinary activities	-2 524	-1 649
Other operating income	0	0
Other operating expenses	0	-703
Net operating income	-2 524	-2 352
Income from cash and cash equivalents	1	1
Cost of gross financial debt	203	221
Cost of net financial debt	-202	-220
Other financial income	2 595	1 887
Other financial expenses	-636	0
Tax expense	-137	-137
Net income before minority interests	-904	-822
O/w net income from discontinued operations		0
Share attributable to minority interests	0	0
Net income attributable to equity holders of the parent	-904	-822
Basic earnings per share	-0,06	-0,06
Diluted earnings per share	-0,06	-0,05



Balance sheet to December 31, 2014



ASSETS

(€k)

	Dec 31, 2014	Dec 31, 2013
Goodwill on acquisitions	888	888
Intangible assets	6 917	7 263
Property, plant and equipment	2 800	3 303
Financial assets	424	381
Income tax receivables	0	0
Deferred tax assets	0	0
Non-current assets	11 029	11 835
Inventories	7 434	9 987
Trade receivables	13 500	15 719
Other receivables	1 507	1 434
Financial assets	6 959	6 863
Cash and cash equivalents	1 791	2 135
Income tax receivables	100	99
Current assets	31 291	36 237
Total assets	42 320	48 072



LIABILITIES AND EQUITY (€k)	Dec 31, 2014	Dec 31, 2013
Capital (1)	11 554	11 554
Premiums (1)	10 472	10 472
Reserves and consolidated income (2)	-4 299	-3 380
Foreign currency translation adjustments	547	440
Group shareholders' equity	18 274	19 086
Minority interests	0	0
Shareholders' equity	18 274	19 086
Employee benefit liabilities	517	441
Borrow ings	1 758	2 339
Other payables	1 395	1 666
Deferred tax liabilities	0	0
Non-current liabilities	3 670	4 446
Trade payables	9 919	11 597
Short-term borrow ings	5 558	7 086
Taxes payable	205	229
Other payables	4 428	5 345
Provisions	266	283
Current liabilities	20 376	24 540
Total liabilities and equity	42 320	48 072

(1) of the consolidating parent company

(2) including net income for the year of -€904 million



Cash flow statement



(€k)	Dec 31, 2014	Dec 31, 2013
Cash flows from operating activities		
Net income from consolidated companies	-904	-822
+ Additions to amortization, depreciation and provisions (except on current assets)	2 888	2 766
- Reversals of amortization, depreciation and provisions	-48	-46
-/+ Unrealized gains and losses arising from changes in fair value	-1 838	-1 658
+/- Expenses and income arising from stock options	0	0
-/+ Capital gains and losses on disposals	-431	-204
Change in deferred taxes	0	0
Operating cash flow after cost of net financial debt	-333	36
Cost of net financial debt	202	220
Operating cash flow before cost of net financial debt	-131	256
Foreign currency translation adjustment on net cash flow	42	3
Inventories	2 553	3 535
Trade receivables	2 218	-3 756
Trade payables	-1 677	526
Other	-1 168	932
Change in working capital requirement	1 926	1 237
Net cash flows from operating activities	1 635	1 276



(€k)	Dec 31, 2014	Dec 31, 2013
Cash flows from investing activities		
Acquisitions of intangible assets	-1 534	-2 087
Acquisitions of property, plant and equipment	-560	-800
Disposals of property, plant and equipment and intangible assets	13	8
Acquisitions of non-current financial assets	-30	-16
Disposals of non-current financial assets	2 202	344
Net cash from acquisitions and disposals of subsidiaries	0	0
Net cash flows from investing activities	91	-2 551
Cash flows from financing activities		
Increases in capital and cash injections	0	0
Dividends paid to minority interests	-8	0
Borrowings	1 000	4 000
Repayment of shareholders' current accounts	0	0
Repayment of borrowings	-2 307	-1 843
Other cash flows from financing activities	0	0
Total cash flows from financing activities	-1 315	2 157
Impact of foreign currency translation adjustments	35	-32
Change in cash	446	850
Net cash at the beginning of the period	-2 604	-3 454
Net cash at the end of the period	-2 158	-2 604



HERCULES



Audio streaming




- ❖ The audio streaming market is experiencing an extensive transformation, with massive growth of smartphone and tablet sales.
- ❖ Though demanding, this market is **experiencing strong growth in the USA and is materializing in Europe**, with the appearance of a Consumer segment on which Hercules has already positioned itself, with its comprehensive and targeted WAE range.
- ❖ This market is expected to accelerate in 2015, following mass adoption by Consumer audiences.
 - **+58% in value in the USA**
 - **+74% in volume in the USA**

Valeur			Volume		
2013	2014	2013/2014	2013	2014	2013/2014
\$966 006 702	\$1 524 929 759	+58%	9 342 737	16 262 146	+74%



MAE
Wireless Audio Experience

Haut-parleur portable sans-fil  **Bluetooth®**



WAE NEO





Digital DJing



The DJing market follows two different axes:

- ❑ The first relates to high-budget products that are designed for DJs who mix at public parties or in clubs, and are distributed through music stores and online specialized music retailers.
- ❑ The second relates to Consumers and aspiring DJs who mix for private party audiences.

Though no sales figures are available, the high-end market segment doesn't appear to be thriving.

The General Public market, driven by the celebrity DJ trend and the current musical offer, seems to experience growth.

Hercules is mainly positioned on the mobile devices segment, which is more specifically aimed at Consumer and amateur DJ audiences.

The DJing solutions range is being renewed

dj CONTROL AIR S SERIES

- dj CONTROL AIR+ S SERIES



**dj CONTROL
INSTINCT**



PC

Mac

New release

dj CONSOLE RMX2 BLACK-GOLD

dj CONTROL JOGVISION

**dj CONSOLE RMX2
PREMIUM TR**

dj Console 4-Mx



** Also available in
Silver version*

iPad

New release

HERCULES UNIVERSAL DJ



Multi-platform device

**dj CONTROL
WAVE**





In January this year, the Hercules Universal DJ controller received an innovation award at the 2015 Las Vegas CES.

Hercules Universal DJ

Vos soirées DJ 3.0 - CES Innovation Awards 2015

This comprehensive ecosystem enables DJs to mix using all their displays - PC, Mac, smartphone and tablet (Android or iOS) - and to organize truly innovative parties; DJs can now invite audiences to participate and vote, to interact with them, to receive messages or requests, and even to rate the party and share their thoughts on social networks. The Hercules Universal DJ also enables DJs to take a break from their computer and enjoy the atmosphere on the dance floor, while controlling their mix using their favorite touch display - smartphone or tablet.





HERCULES UNIVERSAL DJ







HERCULES UNIVERSAL DJ

- **1 - UNIQUE:** The ideal ecosystem for connected DJs; finally, the ability to control your mixes from all your devices – Android, iOS, PC and Mac!
 - 1 controller, 1 program, 2 applications, 3 modes... and much more!
 - The external source input enables you to connect any smartphone or tablet (using the included cable) and instantly access all your playlists on Spotify, Deezer or other music streaming services. Add EQs and samples at your convenience!

- **2 - Unrivalled FREEDOM;** experience the party from the heart of the dance floor, at any time!
 - Enjoy the freedom to move and groove with your party's crowd. In addition to your computer, you can now control your mix from your **smartphone or tablet** using the built-in **Bluetooth®** wireless technology and the dedicated **DJUCED™ Master** application's **My Remote** module
 - **Keep your transitions under control!** And if you are caught in the middle of a conversation or a drink - the **PANIC button** is there to help you out, and will automatically launch the best next track!

- **3 - Be as creative as the pro DJs.**
 - The DJUCED™ Master application's **My Extender** module lets you unleash your creativity.
 - Create loops and FX combos worthy of a pro DJ - with just one finger! This feature offers unprecedented ease of use, and delivers genuine pro effects.





The **DJControl Jogvision** is the first Hercules mobile DJ controller featuring a display at the center of each jogwheel, on which DJs can simultaneously view playback speed and track position information. This display enables DJs to look away from their computer's screen, therefore improving their concentration, speed and synchronization, and enabling them to pay closer attention to their music and their audience.







DJCONSOLE RMX2 BLACK-GOLD

Hercules, the leader in the field of mobile DJ controllers, is offering a Black and Gold version of one of its flagship DJ controllers, the DJConsole Rmx2.

Featuring a very robust black steel enclosure, and gold markings on the surface, jog wheels and caps, the **DJConsole Rmx2 Black-Gold** combines a modern design with the DJ audio excellence that characterized the Rmx2 series: a 24 bit/96 kHz high resolution audio signal, 2 balanced XLR outputs, 2 outputs RCA, 2 headphone jacks and 2 RCA connectors for previewing, 2 stereo inputs, 1 microphone input (balanced XLR/jack).





Multimedia Speakers



- ❖ This market is **strongly correlated to new computer sales, which are the main factor for purchasing multimedia speakers.**
- ❖ This market is experiencing negative growth, but nonetheless remains at a very high volume.

	Valeur			Volume			Prix moyen		
Multi-media speaker	\$148 572 641	\$123 157 640	-17%	3 851 686	3 435 641	-11%	\$38,57	\$35,85	-7%

December
2014 - NPD



2015 Speakers

2.0

2.0 USB

2.1

299.99



DJ Monitor 5
2x80W RMS

149.99



XPS 2.0 80
DJ Monitor
40W RMS

99.99



XPS 2.0 60
DJ Set
30W RMS

DIING

€ PRICE

€ PRICE

€ PRICE

19.99



Hercules
2.0 GLOSS
4W RMS

39.99



XPS Diamond
2.0 USB
2.5W RMS

29.99



Hercules
2.0 Slim
5W RMS

24.99



XPS 2.0 35
USB
2.5W RMS

59.99



XPS 2.1
Bassboost
32W RMS

49.99



XPS 2.1 GLOSS
Bluetooth®
5W RMS

34.99



Hercules
2.1 Gloss
8W RMS



Thrustmaster



- **The installed base of next-generation gaming consoles continues to expand**

- ❑ **XBOX ONE:**

- Installed base: 11.55 million units (Source: VGChartz)

- ❑ **PS4**

- Installed base: 20.2 million units (Source: Sony Computer Entertainment)

In 2014, Thrustmaster leveraged the strong dynamics of the game consoles market, as well as its partnerships with Sony, Microsoft, and Ferrari to penetrate international markets.



Racing wheels





In 2014, Thrustmaster positioned itself as the undisputed leader in the field of racing wheels, with a market share exceeding 50% in the USA throughout the year (source: NPD); the brand has also expanded its international presence.

Racing game accessories remain Thrustmaster's flagship department, driving the brand's growth.

Throughout the year, Thrustmaster obtained approval from Sony for the T300RS racing wheel – the only high-end racing wheel for PlayStation®4; the brand expanded its Sony license for the T80 and T300RS wheels in Japan, and for the T300RS wheel in the United States

Racing wheels for PC and game consoles market in the USA, 2014 - NPD

- **+31% in volume in the USA**
- **+91% of average price**

Source: NPD

Sony PS4
official

Sony PS3
official

Xbox 360
official

Xbox One
official



TM
Leather
28 GT
Wheel
Add-
On



T300
Ferrari GTE
T300 RS



T500 RS



F1 Add-On



Wireless
Cockpit



Vibration
Cockpit

TX



TH8A



T100 FFB



GTE
Add-On

T80 and T80
DriveClub



Red
Legend



458 Italia

Spider



T3PA Add-On



Ferrari
Challenge



T60



Platforms

PS4 / PS3 / PC
/ Xbox One

PS4 / PS3

PS3 / PC

PS3

Xbox 360
/ PC

Xbox One



T300RS



The **T300RS** racing wheel, which was launched at the same time as Sony's game DRIVECLUB™ in August 2014 and was approved by Sony, allowed the Group to continue deploying racing wheels for PlayStation®4 worldwide. This all-new next-generation Force Feedback racing wheel for the PlayStation®4 game console was presented at the North-American E3 trade fair, in June 2014. With the T300 RS, Thrustmaster is supporting virtual racers throughout the game's learning curve; this simulation indeed delivers an immersive experience in the world of automotive racing, enabling drivers to improve their driving skills and therefore, their performance.



TX Racing Wheel Ferrari 458 Italia Edition

The **TX Racing Wheel Ferrari 458 Italia Edition**, a Force Feedback racing wheel for the Xbox One® gaming console, was positioned to be available for the release of the FORZA Motorsport 5 racing game. It provides players with unrivalled sensations, thanks to its brushless motor – an innovative technology in the field of racing wheels – and a magnetic sensor delivering unmatched accuracy.





Ferrari 458 Spider Racing Wheel

Thrustmaster simultaneously launched the **Ferrari 458 Spider Racing Wheel**, a product targeted at Consumer audiences for the Xbox One® gaming console. This realistic racing wheel, released under official license from Ferrari and Microsoft Xbox One®, is a replica of the Ferrari 458 Spider Racing Wheel. This racing wheel was shipped in high volumes to GameStop, one of the USA's largest chains of stores.





Gamepads

Joysticks





Building on its experience in the field of gaming, Thrustmaster has entered the world of tablets with a new controller, the **Thrustmaster Score-A™ Wireless Gamepad**.

Released in November 2014, this truly connected gamepad for Android devices aims to provide gamers playing on different Android platforms with a solution to fully enjoy all of their games.

To deliver an ideal solution, the Research & Development teams have opted for Bluetooth 3.0 wireless technology, which offers over forty hours of battery life.





The Group is a specialist on the joysticks segment, with lasting flagship devices such as the **Hotas Warthog**, under US AIR FORCE™ license, and the **T.Flight Hotas X**

This product range will be one of Thrustmaster's growth engines. Thrustmaster has also initiated partnerships with game publishers and cockpit manufacturers who recommend joysticks designed by Thrustmaster.





Global rewards examples



DJControl Jogvision
Hercules Universal DJ



WAE NEO, France (Hardware Magazine)



WAE NEO, Benelux (Hardware info)



DJControlWave, MedPi trade fair
(France)



TX Racing Wheel, Italy
(www.xtremehardware.com)



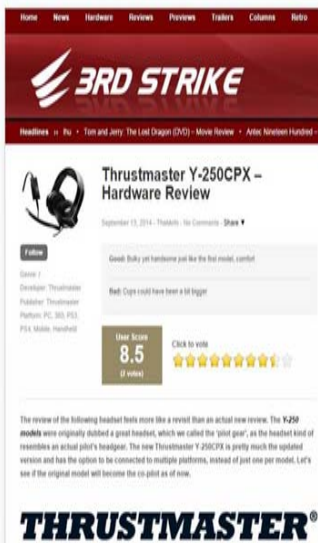
Y-250P, Germany (www.Techfire.de)



TX Racing Wheel, Germany (www.gamesmag.de)



Ferrari 458 Spider Racing Wheel, Spain
(Hobby Consolas)



Y-250 CPX headset, Belgium
(www.3rdstrike.be)



Hercules XPS 2.0 80, Germany
(www.bonedo.de)



250 CPX, France (www.erenumerique.fr)



WAE NEO, France (01net)



Prospects for 2015



The Group is active on a market that is experiencing an extensive transformation; this presents interesting opportunities, toward which the Research & Development department has been geared.

Multiple factors will promote the growth of **Thrustmaster's** gaming accessories sales:

- The expansion of the installed base of new consoles
- The release of new automotive racing games
- The explosive growth of air and space combat games
- The generalization of TV and Internet boxes offering gaming features

The Group's new ranges of accessories are designed to leverage these market development vectors.

Hercules, which is focused on the audio segment, is becoming the leader in the field of connected DJing solutions, and will release new controllers to strengthen its offerings for Consumer audiences and advanced DJs.

Accelerated **internationalization** of the Group's sales, 36% of which have already been achieved outside Europe in 2014.

These growth factors provide a solid basis for the Group to anticipate a two-digit growth in sales in 2015.



- Thank you -