

# Turtle Beach

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## Turtle Beach acquires ROCCAT for \$19.2M as it beats Street's 4Q forecasts

Shares of Turtle Beach (NASDAQ:HEAR) tumbled in after-hours trade Thursday after the gaming-headset manufacturer posted a weak outlook along with its fourth-quarter results and unveiled an agreement to acquire ROCCAT, a German PC peripherals company for \$19.2 million in cash, stock and earn-out payments.

The addition of ROCCAT's line-up of gaming mice, keyboards and other accessories will accelerate Turtle Beach's move into the market for PC gaming headsets and accessories.

ROCCAT recently launched its new Vulcan Mechanical Gaming keyboard and the Kone AIMO RGB Smart Customization Gaming Mouse.

"This is a dynamic and strategically important deal for Turtle Beach," said Juergen Stark, CEO of Turtle Beach. "We are adding a complementary portfolio of PC gaming mice and keyboards, a skilled PC accessories team, and a highly synergistic distribution footprint."

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In the fourth quarter, the San Diego-based company posted a 73% rise in net income to \$24.6 million, or \$1.33 per share, up from \$14.2 million, or \$1.15 per share. Its net revenue, meanwhile, came in at \$111.3 million, up from \$79.7 million in the corresponding period last year.

The results beat the estimates of analysts who had expected Turtle Beach to post earnings of \$1.31 on revenue of \$110.2 million.

But investors sent Turtle Beach shares down 15% in after-hours trade Thursday to \$13.75.

CEO Stark expects continued growth in the battle royale gaming genre will drive growth in headsets.

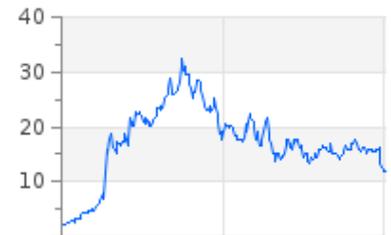
"Looking beyond the console headset market, we expect to significantly expand our presence in the PC accessories market, combining our recently launched line of PC gaming headsets with our acquisition of the PC accessories business of ROCCAT GmbH, which, as we announced today, we expect to close in the second quarter of 2019," Stark said. "We expect continued growth in the battle royale genre, as evidenced by the success of EA's recently launched Apex Legends, to keep gaming headset users upgrading and replacing headsets and to drive growth over time in the headset market."

The company's full-year revenue in 2019 is expected to be in a range of \$240 million to \$248 million, which includes

**Price:** US\$12

**Market Cap:** US\$171.32M

### 1 Year Share Price Graph



March 2018 September 2018 March 2019

### Share Information

**Code:** HEAR

**Listing:** NASDAQ

52 week	High	Low
	\$34.48	\$2.00

**Sector:**

**Website:**

### Company Synopsis:

*Turtle Beach Corporation is an audio technology company that markets innovative products under the Turtle Beach and HyperSound brands. The company's mission is to utilize innovative technology to create exceptional audio experiences across a wide range of consumers and applications.*

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approximately eight months' worth of revenue from ROCCAT, which is estimated to be from \$20 million to \$24 million.

The company also forecast first-quarter adjusted earnings per share of 5 cents, missing the Street's estimate of 7 cents.

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