

A Work Project, presented as part of the requirements for the Award of a Master Degree in Finance from the NOVA – School of Business and Economics.

Equity Research Corsair Gaming, Inc: Valuation

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Abstract

This paper is aimed at conducting a valuation of Corsair Gaming, Inc. (CRSR), to understand the potential performance of the stock's share price for the following 12 months. Two models were used for that end, a discounted cashflows analysis with the Adjusted Present Value framework and a relative valuation using multiples. It is based on subjective assumptions that were fruit of research around the company's business and its industry. These assumptions are reflected in the forecasted values of key financial captions of the company. Sensitivity and Scenario analysis are performed to better understand the relationship and sensitivity of Corsair's share price to certain factors. The paper concludes with a target share price and an action recommendation.

Keywords: Valuation, Corsair Gaming, Finance, Computer Components

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This report is part of the *Equity Research on Corsair Gaming* report (annexed) and should be read as an integral part of it.

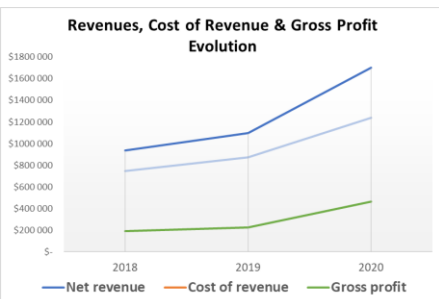
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Company Overview

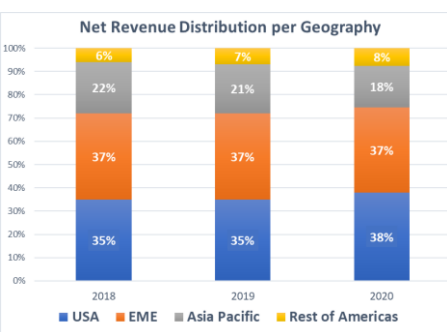
Corsair Gaming Inc (CRSR), a PC components and peripherals manufacturer, was founded in January of 1994 as Corsair Microsystems in Fremont, California by Andy Paul (CEO), Don Lieberman, and John Beekley. It offers its products in a wide range of geographies such as EMEA, North America, Latin America, and Asia Pacific (including South Africa). In terms of Revenues, the company has grown significantly over the years with a great emphasis in 2020 due to the Covid-19 pandemic effects **Exhibit 1**. Revenue growth rates for 2018, 2019 and 2020 were, respectively, 9.5%, 17% and 55%. The firm depends mostly on sales from the USA and EME which registered 35% and 37% of sales for 2020, respectively as can be seen on **Exhibit 2**.

Exhibit 1



Source: Company's Reports

Exhibit 2



Source: Company's Reports

The company started as a producer of level 2 cache modules, also called (COAST) modules for original equipment manufacturers. Once Intel developed a new family of processors that already incorporated level 2 cache modules, Corsair shifted its focus to DRAM modules. From 2002, the company started shipping DRAM modules to computer enthusiasts who craved higher performance. Since then, Corsair started designing and manufacturing other high-performance PC components and computer peripherals focusing largely on digital athletes, from casual to more professional gamers. By leveraging their scale and operational expertise the company started acquiring and integrating complementary brands and businesses to broaden its offer. In 2018 Corsair executed its first successful acquisition of Elgato, this allowed the company to enter the streaming gear market which complements well its gaming gear business. In 2019 two more acquisitions took place, Origin PC and SCUF Gaming were added to the portfolio in July and December, respectively. Origin PC introduced the company to the personalized custom-built gaming PC market and SCUF Gaming to the console gear market. Corsair Gaming acquired EposCam to enhance Elgato's streaming camera software offering in August 2020 and Gamer Sensei to offer gaming coaching services to players wishing to improve their skills in October 2020. Corsair's last acquisition came in February 2021, Visuals by Impulse was bought to provide creative services to streamers looking to professionalize the look of their broadcast.

Corsair divides its product offering internally into two main categories: Gamer and Creator Peripherals and Gaming Components and Systems. Additional to the hardware products, the firm offers two proprietary software platforms: iCUE for gamers and Elgato's streaming suite for content creators. These software products provide clients with a unified and intuitive performance, and aesthetic control and customization across their respective product families.

The company holds a very good reputation among clients as a high-quality innovative manufacturer whose products are finely engineered and tested before being available on the market, this aids in maintaining Corsair's competitive position in the marketplace. The Consumer Technology Association (CES) Innovation Awards is an annual competition honouring outstanding design and engineering in consumer technology products. It is the world's most influential tech event and it highlighted Corsair's VIRTUOSO RGB Wireless Gaming Headset as a 2020¹ honouree and more recently the Elgato's Facecam (sub-brand of Corsair) as a 2022

¹ Consumer Technology Association, CES 2022 Innovation Awards, [Innovation Award Honorees - CES 2022](#)

honouree². Additionally, Corsair received multiple editor's choice awards from the PCMag.com³ which is the leading authority on technology, labs-based, independent reviews of latest products and services.

Operations & Strategy

Corsair has developed a global, scalable production and operations infrastructure that allows it to deliver its products in a timely and cost-effective manner. The company operates a facility in Taiwan where nearly all DRAM modules, liquid cooling solutions and prebuilt gaming systems are assembled, tested, packaged, and ultimately supplied to the distribution channels. Some facilities in the U.S. are used to assemble, test, package, and supply their custom-built PCs and customized gaming controllers, while facilities in the U.K. are focused primarily on the latter. All other gear and products are produced at factories operated by third parties located in China, Taiwan, and countries in Southeast Asia.

The company sells its products to gaming enthusiasts around the world mainly through retailer or direct-to-consumer channels. To reach retailers the firm either supplies them directly or through key distributors. Products are shipped directly to approximately 50 retailers and 160 distributors through whom they reach thousands of smaller online and brick-and-mortar retailers. The company works with leading online retailers which include Amazon, Best Buy, Komplet and JD.com, among others. In 2018, 2019 and 2020, Amazon was responsible for almost a quarter of net revenues, at 22.4%, 25.1%, and 24.6%, respectively. Corsair has always sold its products directly to customers through its website and from 2019 the volume of direct-to-consumer sales increased with the acquisition of SCUF and Origin, whose business models are focused in this channel.

Up to December 2020, Corsair had shipped more than 200 million gaming and streaming products, with almost half occurring in the last 5 years, to customers in over 75 countries across six continents. The high standards of quality led the company to receive over 4000 product awards from magazines and websites, of which more than 3500 were "Gold", "Editor's Choice", "approved" or similar awards. This also helps the company sustain a price premium strategy over competitors. Corsair's computer cases, cooling solutions, PSUs and high-performance memory had price premiums of 45%, 86%, 31% and 11%, respectively, compared to average non-Corsair products in the US in 2020⁴.

Going forward Corsair is planning to grow further through investments in innovation and product development which contributes to their ever-growing portfolio of products that cater to specialized gamer's needs. Additionally, the company has stated its intention to make significant marketing investments in Esports teams, social media influencers and leading streamers in the gaming industry. The company has also shown interest in selectively pursuing complementary acquisitions, this is a strategy that has been successful in the past and is expected to remain so in the future.

² **Consumer Technology Association**, CES 2022 Innovation Awards, [Innovation Award Honorees - CES 2022](#)

³ **PC Mag**, PC Mag Corsair Reviews, [Corsair Reviews, News, and Deals | PCMag](#)

⁴ **Corsair Gaming Inc**, Company's 10-K report

Mergers and Acquisitions activity

Date	06-2018	07-2019	12-2019	10-2020	11-2020	01-2021
Company	Elgato Gaming	Origin PC Corp	SCUF	EpocCam	Gamer Sensei	Visuals
Description	Gaming and streaming accessory products and solutions.	Hand-built, personalized PCs and gaming software.	High-performance accessories and customized controllers.	Video apps that turn users' smartphones into a webcam.	World's biggest esports coaching platform.	Professional design for creators.

In a recent interview⁵ given to Voices of Wall Street, Michael Potter, Corsair's CFO explained the focus on an M&A strategy to continue to grow their business.

Indeed, he stated that deals like the one they closed with Elgato were very successful. A Company with innovative ideas, great products, knowledge of the market, strong branding and with scaling opportunities that Corsair was able to leverage.

Beyond the scaling opportunities, the inclusion of other businesses can be a fruitful way to take advantage of synergies between different companies. But also, to buy innovation, in the sense that in such a competitive landscape, product development and innovation might be reached by other companies that Corsair has the availability to acquire.

They are also seeking to diversify what they offer, for example, software opportunities. Never forgetting their gaming scope, an acquisition like Gamer Sensei enables them to become less dependent on the issues of manufacturing and shipping a product and completes their hardware offer.

In fact, the strategy of acquiring smaller private companies adds value due to the already existing capabilities within Corsairs segments and has proved successful in past acquisitions. Diversifying the product offering and expanding geographically the end-user base while offering a better and more engaging experience will boost sales and ultimately add value to the company.

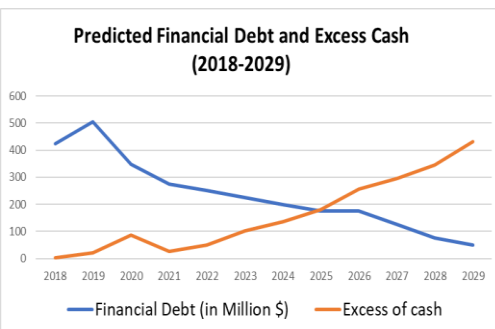
We regard this strategy positively because it may add value and it is aligned with three supportive dynamics. The PC components industry is characterized by ongoing mergers and acquisitions due to aforementioned reasons. Under our assumptions the model predicts a considerable future cash generation potential for Corsair along with a low dividend distribution policy, gives it the necessary firepower to pursue such deals, **Exhibit 6**.

The model only predicts organic growth and assumes conservatively that future M&A investments will have a zero Net Present Value, due to difficulties in predicting future transactions and measuring past ones. However, this matter remains considerably important for the future value and value creation of the company.

Thus, these deal opportunities should be well studied to minimize possible risks and avoid overpayments that would decrease value for shareholders. New innovative companies can easily be overpriced due to overly optimistic potential and the decision to acquire certain companies should mostly be based on the ability to create synergies and capture value from it, otherwise it is expected that Corsair falls in the mistake of buying just to use money or just to grow the business and not to create value.

We trust that Corsair management can successfully choose, acquire and integrate new

Exhibit 6



Source: Analyst's Forecast

⁵ **Voices of Wall Street**, "Corsair Gaming CFO on Video Game Streaming, Supply Chain Challenges, and M&A Strategy", https://www.youtube.com/watch?v=F3KzGhU2bVc&ab_channel=VoicesofWallStreet

businesses and that this strategy really adds value. However, Shareholders must be alert for future M&A activity from Corsair since it will reflect on share price and future value creation capabilities.

Valuation

Given that the company's debt is expected to be reduced in the following years and stabilized in a certain dollar amount to perpetuity, the most accurate way to value Corsair's equity is the Adjusted Present Value (APV) model. Additionally, the Multiples Valuation and the Sensitivity & Scenario Analysis will help to understand and triangulate results.

Revenues and Gross Margin Forecast

Starting by Net Revenues, it is important to divide it firstly through the two main segments, Gamer & Creator Peripherals and Gaming Components & Systems, since they present different cost and demand dynamics. Simultaneously, and after the previous analysis, we see that there are three main drivers for Corsair revenues: innovation, Marketing, and the industry as a whole. And so, three major factors comprised those drivers: the "number of products", the "number of sold items per product" and the "average price per sold item".

For the initial average price and number of products, the available information in Corsair's financial statement and website was used. The first one was set to increase at long-term inflation projected levels every year, as there is no intention of increasing even more the products price premium.

The factor "number of products" was constructed to account for revenue growth explained by market creation with the development of innovative products. We predict Corsair will launch 2 new products for the components segment until 2029, while for the peripherals segment, the most profitable and focused, we assume the development of 3 new products every year, both stabilizing in 2029.

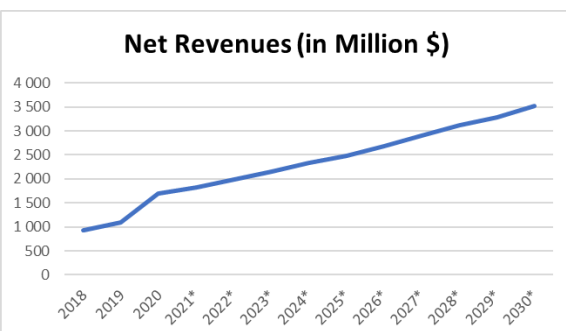
The classification "new product" implies a new product category that responds to new market developments. For example, recently Corsair debuted the XENEON gaming monitor, which introduced it to this new product segment while an update to an already existing product with minor tweaks would not be considered a "new product". This prediction stems from the fact that Corsair will focus their product development on the peripherals market for two main reasons. Primarily, the company has been discovering the high potential of the segment with increasing sales and higher gross margins as discussed previously. Secondly, the product development is

easier since we are talking about a segment with a wider range of simpler products and possible developments.

The other factor is an artificial "number of sold items per product". This factor measures the market created by drivers that impact consumers enthusiasm around Corsair's products, such as Marketing and others. For example, in 2020, Corsair's revenues increase was mainly driven by external factors than by product development.

As such, Net Revenues will increase continuously at a CAGR of 7.5% as seen in **Exhibit 28**. This seems a very reasonable prediction when compared with the beforementioned Juniper Research prediction of a CAGR of 11.5%.

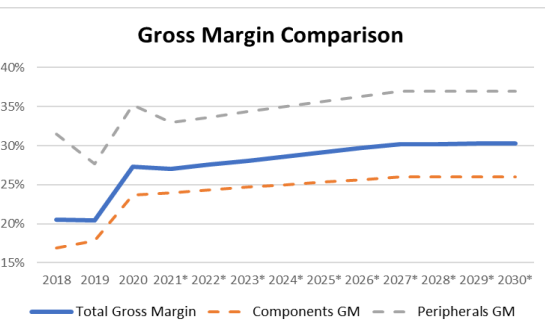
Exhibit 28



Source: Analyst's Forecast

Afterwards, Total Gross Margin is calculated, including the increase in the peripherals segment weight. The combined gross margin was calculated as a weighted average of both segments gross margin according to their sales. Within each segment, Gross Margin is to increase slightly throughout the years, taking into consideration economies of scale. Both effects are represented in **Exhibit 29**.

Exhibit 29



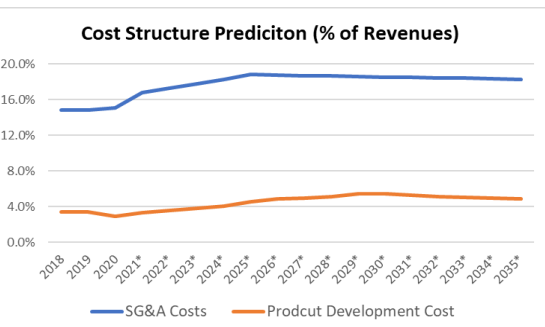
Source: Analyst's Forecast

Forecasted Income Statement

After the Gross Profit, the forecasted income statement predicts the result of the Core, Non-core, and financial parts of the business.

Regarding the Core business, SG&A costs develop in 2 stages always depending on the amount of revenues recorded by the company. Corsair has the lowest SG&A/Revenues value of the industry (15% against an industry average of 18%) which can be seen as a competitive advantage against the peers. However, we believe that it is not sustainable over the long term and so, we predict that, in the following years, there will be a relative increase in SG&A/Sales towards 19%. The main reasons are the recent IPO, the future M&A activity, and also the tendency to meet a closer cost structure to its peers in order not to lose market share in such a competitive landscape. After 2026, we predict a decrease in this percentage accounting for economies of scale mostly in G&A costs, stabilizing at approximately 18% which is the value for Logitech, a well-established and mature company in the sector.

Exhibit 30



Source: Analyst's Forecast

Product development costs is a function of the number of products offered and average development cost per product. This latter, depending on the inflation rate and what we called the innovation factor, a factor that includes the extra expenditure on innovation. Both costs seem to slightly increase percentagewise in the following years and then stabilize as seen in **Exhibit 30**.

After the calculation of the statutory taxes, which will include the latest updates of a 28% rate, we reach the Core result. It will decrease in 2021 to around 97 million dollars, however it is predicted to increase inconsistently for the next years and reach a steady-state long term nominal GDP growth rate of 4.04%.

Non-core result will be residual and meaningless, while Financial Result will decrease mainly due to debt restructuring that allowed a 2% decrease in interest payments⁶.

Forecasted Balance Sheet

For the Invested Capital we started by the Net Working Capital needs. Operating cash was assumed to be 4% of total revenues a number that is close to the research made on this topic and conservatively close the industry minimum of the cash/sales ratio over the last 4-year period.

Accounts Receivable, Inventories and Accounts Payable were predicted through a study of the Cash Conversion Cycle. We predict a small efficiency improvement related to economies of scale but not material enough due to the high bargaining power of distributors and retailers.

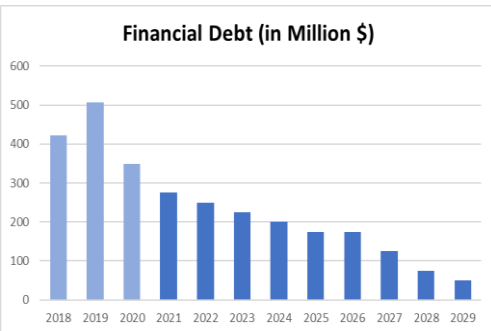
Intangible Assets, which take a huge part of Invested Capital, were broken down and each caption followed a certain driver. For example, Developed Technology followed the product development costs.

⁶ Corsair Gaming Inc., "Corsair Gaming announces a new \$350 million credit facility consisting of a \$250 million term loan and \$100 million revolving line-of-credit.", 07-09-2021

Most of the non-core part of the business were assumed to be valued at book value and so there was no need to predict future values of such captions.

As for equity, yearly values were computed as a sum of past equity with total comprehensive income and subtracting transactions with shareholders. Payout ratio is assumed to be 0 until 2029, according to plans to continue retaining earnings. Then we predict an increase to 20%, with a similar behaviour to Logitech which only started to pay dividends around 15 years after the IPO and has a 16% payout ratio.

Exhibit 31



Source: Analyst's Forecast

Exhibit 31 shows Financial Debt over the years, which is assumed to be repaid for the next years, according to the company plans. We then think the company will reach steady total amount of 50 million dollars of debt. Excess cash will then result from subtracting Equity and Financial Debt from the Invested Capital. It will increase a lot in the following years as we assumed the company's increased profitability into the future. When it reaches a target (which we assumed half a billion dollars) the increase will go to a caption called Extra Cash for Inorganic growth that will measure the fire power of the company for M&A activity.

Continuing Value

After calculating the Free Cash Flows of the company, we reached steady state in 2050, when RONIC and Core ROIC stabilized and converged. The value of both the unlevered free cash flows and the tax shield after the steady state are assumed to be constantly growing and so calculated through the perpetuity formula using a growth rate of 4.04% (long term nominal GDP growth rate) and a RONIC of 27%. The terminal value of Corsair's assets in 2023 is almost 1.4b\$.

Cost of Capital

The valuation model used to analyse Corsair Gaming was the Adjusted Present Value model because it separates the value of the company into two components: the value of operations as if the company were all equity financed and adds to it the value of tax shields, that arise from the fact that interest payments on debt are tax deductible.

To value the company using the APV model, one discounts the Future Free Cash Flows using the unlevered cost of equity. First, the levered beta of the company was calculated using a CAPM regression and resulted in a levered beta of 1.35. To unlever the beta the equation from **Exhibit**

Exhibit 32

$$\beta_e = \beta_u + \frac{D - V_{tax}}{E} (\beta_u - \beta_d)$$

Source: "Valuation", McKinsey & Company

32 was used under two main assumptions: Dollar level of debt fluctuates, and tax shields have the same risk as debt. The same analysis was performed for the company's competitors. For the calculation of the industry unlevered beta the result from Logitech was omitted because its value was unusually far away from other competitors and assumed to be an outlier. An especially low unlevered beta of Logitech can also be explained by its more diversified business which reduces its overall risk. The unlevered beta of Corsair came really close to the industry average unlevered beta, 1.277 vs 1.308.

From such values we can infer that the industry offers a riskier type of investment with both higher downside and higher potential reward for investors. The products offered by the industry may be regarded as luxury products, they do not represent the satisfaction of basic human necessities and thus their demand varies greatly with economic cycles and disposable income. The CAPM equation with a Market Risk Premium of 5% was used to determine the company's unlevered cost of equity of 7.96%.

To estimate the cost of debt a default spread related with the appropriate credit rating over the risk-free rate was used as the company does not have corporate bonds. S&P and Moody's give Corsair Gaming a credit rating of BB- and Ba3, respectively, which according to Damodaran yields a default spread between 2.4% and 3.41%. A default spread value of 3% was used and added to the 10-year U.S. Treasury Bond Yield of 1.55% to get Corsair's Cost of Debt of 4.55%. To verify the result a few other approaches were used, namely the Z-score model and the interest coverage ratio. However, through the Z" score model a AAA credit rating was achieved which we deemed unrealistic and not applicable to triangulate our cost of debt calculation. Through the interest coverage ratio method, a credit spread of 1.22% was achieved, taking the Cost of Debt value to 2.77%. A Cost of Debt of 4.55% was used as a conservative value for this metric. Variability in this value does not affect much the valuation due to low levels of debt. We assume that the company's tax shields will have the same risk as the debt of the company and thus we discount future tax shields with the cost of debt to get the present value of tax shields.

Result and Recommendation

The model outputs a share price of \$32.04, which is higher than the current market price. This leads to buy recommendation and offers a possibility of 57% return. There are many variables that might influence the final share price of the model, so sensitivity and scenario analysis will be presented.

Sensitivity Analysis

Given that our Adjusted Present Value model is highly dependent on the Unlevered Cost of Capital and the Long-Term Real GDP Growth Rate a sensitivity analysis of the price per share to variations in these factors was conducted.

The Unlevered Cost of Capital that is used to discount future Free Cash Flows is dependent on different variables that can change overtime such as the levered beta of the company, the risk-free rate, and the market risk premium, which can vary considerably. To study the effect of changes in Cost of Capital, values from 7.4% to 8.8% were studied.

The same applies for the Long-Term Real GDP growth rate, given that this estimate is looking so far ahead, it is very unlikely to be correct even though they were given by reputable institutions. Many unpredictable events may affect the long-term growth rate in the future. To study the share price sensitivity to this variable, values from 1.8% to 2.2% were studied.

Exhibit 33 highlights the result of the study, and it can be noted that the target share price does suffer from variations in the studied variables considerably.

Exhibit 33

Sensitivity Analysis for Share Price (\$)		Long-Term GDP Growth Rate				
	32,04	1,80%	1,90%	2%	2,10%	2,20%
Unlevered Cost of Capital	7,40%	36,50	38,00	39,72	41,89	47,25
	7,70%	33,32	34,58	36,02	37,87	42,88
	8,09%	29,85	30,87	32,04	33,60	38,27
	8,50%	26,84	27,67	28,64	29,96	34,39
	8,80%	24,95	25,68	26,53	27,73	32,02

Source: Analyst's Forecast

This can be confirmed by the boundaries for the possible prices per share between \$24.95 and \$47.25. Variations in the cost of capital, ceteris paribus, have a higher effect on the final price per share than variations in the long-term growth rate. While maintaining the long-term growth rate at

2%, an increase of 5% in the cost of capital leads to more than 10% decrease in the share price. Conversely, maintaining the cost of capital at 8.09%, a drop in the long-term growth rate of 5% leads to a share price decrease of 3.7%. Nonetheless, along the range of values studied for both parameters the recommendation remains the same. All final share prices indicate toward a BUY recommendation.

Scenario Analysis

Given that uncertainty about the future is the biggest enemy of such valuation models a scenario analysis was performed to test the model for possible deviations in our initial assumptions.

One of the main risk the company is facing now is the Chinese legislation mentioned prior. To study the potential effect of this legislation on Corsair's share price we conducted its sensitivity analysis to Revenues and Gross Margin changes. The analysis is presented in **Exhibit 34**. From this table we can extrapolate different scenarios, for simplicity's sake just three were highlighted.

Exhibit 34

Sensitivity Analysis for Share Price (\$)	Revenue Change					
	32,04	-6,00%	-3,00%	0%	3,00%	6,00%
	-2,00%	26,16	27,66	29,15	30,65	32,14
	-1,00%	27,52	29,06	30,60	32,14	33,67
Gross Margin change in each segment	0,00%	28,88	30,46	32,04	33,63	35,21
	1,00%	30,24	31,87	33,49	35,11	36,74
	2,00%	31,60	33,27	34,94	36,60	38,27

Source: Analyst's Forecast

The result highlighted in red assumes the worst possible scenario from the new legislation, it assumes a drop of 6% in revenues and a consequent drop of 1% in the overall gross margin of the business due to reduced economies of scale. Under such a scenario the company's share price would drop by 14% from \$32.04 to \$27.52. A slightly better scenario is highlighted in yellow, it assumes that the legislation would drop the firm's revenues by 3% but the gross margin will remain unaltered and it results in a drop of the share price by 5% from \$32.04 to \$30.46. Finally, the best case scenario assumes that the Chinese ban on hours played by teenagers won't affect Corsair's sales and gross margin and the share price remains unaltered from our initial assumptions at \$32.04. In essence, we can see that depending on how material the impact of the legislation will be on revenues and gross margin the share price varies significantly and so investors should pay close attention to any shift in gaming trends in China.

Additionally, scenarios in which the company issues debt in the future were also tested. This analysis was conducted because Corsair operates in an industry that is still growing and its competitors hold very little debt. As the industry matures, theoretically its participants may start to shift their capital structure to include more debt to take advantage of the reduction in taxes that the tax-deductibility of interests offer. As such, for this analysis we assume that the industry matures in 2030 and from that year onward the company may add debt to its balance sheet. Three different paces of debt increases were analysed, including \$50M, \$150M and \$250M per year. **As Exhibit 35** illustrates, when the firm increases its debt at a higher pace the total amount of debt grows faster and leads to higher savings on taxes paid. This phenomenon increases the present value of the tax shield and consequently the enterprise value leading to a higher price per share. In a scenario where the company increases its debt by \$50M per year from 2031 onwards its target share price becomes \$39.78, and if this pace is increased to \$250M per year

the price per share becomes \$59.82 which corresponds to a significant increase.

Exhibit 35

Cases				
Increase Debt at Industry Maturity?	Yes			No
Annual Increase in Debt from 2031 (000\$)	250000	150000	50000	0
Price per Share	\$ 59.82	\$49.80	\$39.78	\$ 34.78

Source: Analyst's Forecast

Multiples Valuation

To complement the APV model, a relative valuation method was conducted to value the stock comparing it to its competitors through multiples. This method is based on the notion that companies operating in the same industry and with a similar product offer should be valued at the same price.

The competitors chosen for this study were the same as for the APV model, namely Razer Inc, Logitech, and Turtle Beach Corporation. The considered multiples included the **(Enterprise Value / Sales)**, **(Price / Earnings)** and **(Enterprise Value / NOPAT)**. The Enterprise Value was adjusted to subtract Cash and Cash Equivalents to avoid large distortions. For all multiples the median result was used to avoid the distortion caused by Razer Inc multiples. This distortion is especially seen in the (P/E) and (EV/NOPAT) multiples that are highly inflated due to its high valuation and low bottom line performance. When looking specifically at the (P/E) multiple we can see that the market is overvaluing Corsair against its competitors, 19.35 vs 17.1 respectively. This may indicate a higher confidence from investors in Corsair's future given their willingness to pay \$19.35 per \$1 of the company's earnings or that the company is overvalued.

As we are evaluating the target share price of Corsair for 2022, the values of Sales and NOPAT were taken from the estimates for the year of 2022.

Based on this model the fair value of Corsair's share price is thus, \$28.51 from the EV/Sales multiple, \$17.86 from the P/E and finally \$14.19 from the EV/NOPAT (**Exhibit 36**). The low results presented from some multiples could be explained by short term market turmoil as investors are more fearful and cautious in navigating the post Covid conditions. As mentioned above, one issue that persists is the logistics crisis that threatens to hurt company's margins in case it becomes a prolonged problem. We believe that the crisis will get resolved in the very short term as it is primarily supply side driven, as the bottlenecks get cleared with people returning to work and the accumulated demand eases off, conditions will return to normal. At that stage share prices are predicted to converge closer to their intrinsic values.

Curiously, the average of these prices, \$20.19 is very close to the **current price per share of \$20.50** which would mean the company is correctly priced relative to its competitor.

Exhibit 36

Company	Market Data		Financial Data			Valuation			Shares Outstanding
	Market Value (\$00EV - CC (\$000)		Sales (\$000)	NOPAT (\$000)	Net Income (\$000)	EV/Sales (x)	P/E (x)	EV/NOPAT (x)	
CRSR	1 997 241	2 128 748	1 702 367	129 685	\$ 103 217	1,25	19,35	16,41	94 343
Razer	2 759 323	1 582 137	1 214 570	1 764	\$ 805	1,30	3427,73	896,65	
LOGI	14 071 868	10 736 941	5 252 279	998 779	\$ 947 257	2,04	14,86	10,75	
Turtle B.C.	369 013	290 677	360 093	38 385	\$ 38 746	0,81	9,52	7,57	
Average						1,35	867,86	232,85	
Median						1,28	17,10	13,58	
Price per Share of CRSR (\$) *						28,51	17,86	14,19	
						Average	20,19		

* Sales and Net Income values of 2022

Source: Analyst's Forecast

Results Interpretation & Final Recommendation

In closing, the analysis suggest that the company's stock price has potential to rise in the near future, this can be primarily seen through the APV valuation model that given our aforementioned assumptions gives a target share price of \$32.04. However, the valuation of the company through key multiples of the industry paints a more conservative picture, it is not as high as the APV model predicts and comes out at \$20.19 per share. For investors that have already initiated positions in this stock we believe they have good reasons to keep holding it. For new investors, the stock could be attractive at its current stage as it is correctly valued relatively to its peers and has potential to perform well from the discounted cash flows perspective. Nonetheless, from the analysis made in this report we can conclude that the stock has its risks and might not suit risk averse investors. The company operates in a competitive industry with cyclical demand which makes this stock more volatile than the market. We believe it is a good investment for patient investors with good risk bearing philosophy. An investment today in Corsair is projected to have a return of 57% in the following 12 months, therefore we stand behind a BUY recommendation.