



SOUNDVIEW
RESEARCH

THE GUITAMMER COMPANY
(OTCQB: GTMM \$0.18)

MILESTONES IN BROADCAST & ADOPTIONS

KRIS TUTTLE - NOVEMBER 6, 2013

COMPANY UPDATE

We initiated coverage of Guitammer (GTMM) in September and since then they have announced two important developments that reinforces our thesis and puts the company closer to being able to add significant licensing deals and revenue to their business. Here are the key points:

Recent orders show a marked acceleration in demand from theatrical venues while the recent broadcasting deal gives GTMM a 100M home footprint in the US.

- The broadcast part (which is where the real long-term valuation will come from) of the story took a big step forward. During October Guitammer announced **and demonstrated** tactile broadcasting with NHRA (National Hot Rod Association), which reaches a national audience through ESPN. Wireless sensors attached to the racecars provided data, which was then packaged for broadcasting and produced by ESPN for the NHRA audience.¹ This means that now tactile broadcasting is enabled for the 100 million homes receiving ESPN2 broadcasts. It's rare and unusual for ESPN to enable a new technology across their broadcast network so this is surprising news.
- Also during October the company announced purchase orders from three different customers for an additional 3,100 seats in 18 movie theaters². To put that in context **the domestic portion of 1,100 seats almost doubles the existing installed base of 1,500 seats**. Theaters are discovering that "premium seating" with features like tactile drive better attendance **and** higher average ticket prices (in the case of AMC an uplift of 39% to 68%.³) These orders will take some time to fulfill and book as revenue but will contribute to future quarters.

Taken together these two developments provide a basis for more adoption and increases the value of the technology to both consumers and content providers. Some obvious additional content owners for which tactile broadcasting now will look more attractive are the NHL, NFL, NASCAR and live music.

Investors should refer to our original [GTMM coverage report](#)⁴ to put these developments in context. In short it suggests our base case intrinsic value (IV) estimate of \$0.51 for 2014 is probably too conservative. Licensing and broadcasting deals that may come to fruition over the next year would drive substantially higher values of IV for GTMM. Our IV models incorporating these developments yield values of \$1.29 to \$1.89/share.

¹ For a behind the scenes descriptive video of how this was done visit http://Guitammer.com/4d_sports

² <http://www.menafn.com/112c133c-6a5d-4924-94ee-c99a3d42d1f5/Guitammer-Significantly-Expands-Its-4D-powered-by-ButtKicker-CinemaFootprint>

³ AMC Presentation Citi North American Credit Conference, November 14, 2012

⁴ <http://finance.yahoo.com/news/soundview-technology-group-releases-initial-165727455.html>

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