

EGIDE

Euronext C - FR0000072373 - GID

- ✓ Sales 2018 on line at € 31.69 million ;
- ✓ Q4 -6.3% / Egide USA jumped (+44%) while Egide SA plunged (-25%) ;
- ✓ 2019 : expected growth for all entities.

Unsurprisingly, the decline in activity was stronger on Q4 with -6.3% vs -3.1% on Q3 mainly due to the temporary halt of orders from a major client of Egide SA due to uncertainties regarding military export rules from certain countries. **Egide SA** saw its activity fall by nearly 25% in Q4 and 8.1% over the year to € 14.3m (€ 14.5m expected - GreenSome estimates).

Egide USA (26.7% of sales), meanwhile, continues to benefit from the rise of ceramics (applications for thermal imaging in particular) which reached \$ 1 million in sales (10% of US sales) with its own customers without Santier. This ramp up took place throughout the year and enabled Egide USA to post Q4 growth of +44% vs. +36% in Q3, which is well above our expectations. Over the year, Egide USA increased by 16.7% to € 8.5m (+ 22.4% in \$). This is an increase in dollar and without ceramic of about + 10% vs. + 2.5% estimated at the beginning of the year. This recovery is mainly due to the return of some historical customers.

Regarding **Santier** (28.2% of sales), business grew by + 10.5% to € 8.9m but fell by 4.1% to pca. The structure acquired in March 2017 has undergone a more aggressive competitive environment as of Q3 (-21.3% / -22.9% cc). In order to regain competitiveness, investments were made in new equipment which allowed to better position itself. The decline in Q4 was thus lower with -6.2% (-11.3% cc).

To sum it up, 2018 Sales is perfectly in line with our estimates made when the half-year results were published, during which management announced the temporary cessation of orders from a key customer of Egide SA. If we compare with our expectations of early 2018, the difference is about € 2 million. This is based entirely on Egide SA while we are online in the United States: USA is € 0.7 million higher (return effect of historical customers) and lower by € 0.8 million for Santier (effect lack of competitiveness in H2).

What to remember from 2018?

From a positive point of view we can note 1 / that the US ceramics finally seems to really take off which should allow Egide USA to permanently display a profitable activity, 2 / that Santier has a potential for significant profitability even if the 17% operating margin in H1 seem an exception and 3 / that the appearance of new customers seem to emerge.

From a negative point of view it can be noted 1 / Egide is still much too dependent on some of its customers in the image of the accident in H2 for Egide SA, 2 / that the commercial strategy is still struggling to emerge.

What to expect in 2019?

Management is aiming for growth for all of its entities, which will be mainly in H2. For us in fine, the key will be the confirmation of the arrival of new customers !!!

In detail, Egide SA must see the emergence of new outlets able to compensate for the temporary cessation of orders from a key customer in H2 2018. Egide USA will continue to benefit from the rise of ceramics. Aiming for a doubling of activity, about \$ 2 million, seems reasonable while taking advantage of the pursuit of its historical customers for glass-metal activities. Santier will benefit from the upgrading of its industrial tool and synergies with Egide USA to recover its conventional metrics, an average growth of about 5% in our opinion. We therefore keep our estimates of changes in activity by entity. Also, by the "breakdown of the 2018 landing" this leads us to aim for a turnover of € 34.2 million (+ 7.9%) vs. € 34.5 million previously. We maintain our margin assumptions with US entities in the green.

The slight adjustment in our forecasts, the significant fall in the prices of comparable companies and the increase in the risk premium for small caps lead to a lowering of our target price to € 2.60 (DCF € 3.27 - Comparable 1.59 €) vs € 2.93 (DCF € 3.43 - comparable € 2.20).

With a potential of 65.4%, we keep our opinion Buy in a long-term perspective.

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BUY

SALES 2018 + contact

Label BPI - Entreprise Innovante- Eligible PEA-PME

TARGET **BEFORE**
€ 2.60 **€ 2.93**

PRICE (1/10/19) **POTENTIAL**
€ 1.57 **+65.4%**

MARKET CAP. **FLOTTANT**
€ 12.40 million **€ 9.26 million**

Ratios	2018e	2019e	2020e
EV/Sales	0,5	0,5	0,4
EV/EBIT	107,8	15,8	7,7
P/E	-19,7	48,5	14,4
P/CF	23,6	6,7	7,0
Dividend Yield	0%	0%	0%

Data per share	2017	2018e	2019e	2020e
EPS	-0,05	-0,08	0,03	0,11
%Change	nr	nr	-140,7%	236,0%
FCF	-0,32	-0,06	0,13	0,12
%Change	nr	nr	3,1	0,1
Dividend	-	-	-	-

Income Statement (€m)	2017	2018e	2019e	2020e
Net Sales	30,9	31,7	34,2	37,0
%Change	39,3%	2,6%	7,9%	8,3%
EBITDA	0,15	0,97	1,86	2,78
% Sales	0,5%	3,1%	5,4%	7,5%
EBIT	-0,82	0,16	0,99	1,95
% Sales	-2,7%	0,5%	2,9%	5,3%
Net Result	-0,37	-0,63	0,26	0,86
% Sales	-1,2%	-2,0%	0,7%	2,3%

Cash Flow Statement (€m)	2017	2018e	2019e	2020e
FCF	-2,5	-0,5	1,1	0,9
Net Debt	4,0	4,5	3,2	2,6
Shareholder Equity	12,7	12,5	13,2	14,8
Gearing	31%	36%	24%	18%
ROCE	-3,1%	0,6%	3,8%	7,1%

Shareholders	
Sigma Gestion	13,2%
Natixis Euro Midcaps	6,3%
Vatel Capital	4,4%
Direction	1,3%
Flottant	74,7%

Performances	2019	3m	6m	1 Year
Egide	12,5%	-19,7%	-30,8%	-41,0%
CAC Small	7,6%	7,9%	-18,3%	-24,7%
12 months Low-High	1,39	2,68		

Liquidity	2019	3m	6m	1 Year
Cumulative volume (000)	53	1 139	1 432	2 942
% of capital	0,7%	14,4%	18,1%	37,2%
% of Free Float	0,9%	19,3%	24,3%	49,8%
€ Million	0,15	1,84	2,46	6,12

Next Event

2018 Net Result : end of march

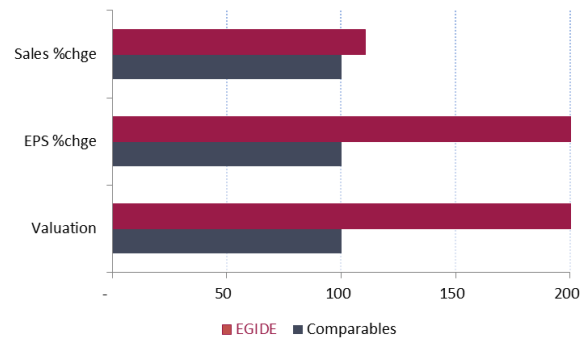
Snapshot Egidé

Egidé articulates its activity through two technologies that are glass-metal and ceramic cases which makes it one of the few actors in the world to control them. These housings make it possible to ensure perfect hermeticity in environments that may be subject to high thermal and / or atmospheric stresses. Egidé provides highly resistant interconnection boxes in sensitive environments (Space, Defense, Security, Aeronautics, Telecommunications, Energy, ...), solutions that guarantee the optimal reliability of electronic systems or complex chips. In February 2017, the group acquired Santier, a US company specializing in the manufacture of dissipative components and materials.

Fondamental Matrix



Investment Profile



Price target & rating history

Date	Type	Opinion	Price per share	Target Price
10/11/2018	Sales Q3	Buy	€ 1.955	€ 2.93
10/1/2018	H1 results	Buy	€ 2.12	€ 2.93
7/15/2018	Sales H1	Buy	€ 2.324	€ 3.02
4/16/2018	Sales Q1	Buy	€ 2.25	€ 3.02
3/28/2018	2017 Results	Buy	€ 2.36	€ 3.09
1/9/2018	2017 Sales	Buy	€ 2.34	€ 3.09

Financial Data

Income Statement (€ m)	2015	2016	2017	2018e	2019e	2020e
Revenues	20,6	22,2	30,9	31,7	34,2	37,0
Purchase	9,0	9,1	12,3	12,7	13,7	14,8
Externals costs	3,6	3,7	5,0	4,6	5,0	5,4
Personnals Costs	8,9	9,2	13,1	13,2	13,4	13,8
EBITDA	-1,1	0,1	0,1	1,0	1,9	2,8
Amortization	0,4	0,7	1,0	0,8	0,9	0,8
other	0,2	0,3	0,1	0,3	0,3	0,3
EBIT	-1,5	-0,2	-0,8	0,2	1,0	2,0
Financial Result	0,1	-0,1	-0,8	-0,4	-0,3	-0,4
Tax	0,0	0,0	-1,2	0,4	0,4	0,7
Net Result	-1,4	-0,7	-0,4	-0,6	0,3	0,9
Balance Sheet (€ m)	2015	2016	2017	2018e	2019e	2020e
Fixed Assets	5,5	5,7	9,1	9,4	9,1	9,5
Stock Inventories	3,4	3,8	6,3	6,2	6,7	7,2
Accounts Receivable	3,9	5,2	7,0	7,0	6,7	7,2
Other Currents Assests	0,2	0,2	0,3	0,4	0,5	0,5
Cash & Equivalents	2,8	1,1	3,0	2,4	3,3	4,2
TOTAL Assets	15,8	16,0	25,7	25,3	26,1	28,6
Shareholders' Equity	7,0	6,2	12,7	12,5	13,2	14,8
Provisions	0,4	0,5	0,7	0,7	0,8	0,8
Financial Debt	4,7	5,4	7,0	6,9	6,5	6,8
Accounts Payables	3,6	3,9	5,3	5,3	5,7	6,2
TOTAL Liabilities	15,8	16,0	25,7	25,3	26,1	28,6
Cash Flow Statements (€ m)	2015	2016	2017	2018e	2019e	2020e
Cash Flow from Operating Activities	-1,0	-0,1	-0,5	0,6	1,6	2,4
Change in Net Working Capital	-0,2	1,2	0,9	0,0	-0,3	0,7
Cash Flow from Operations	-0,8	-1,3	-1,4	0,5	1,9	1,8
Cash Flow from Investing	-1,7	-1,0	-6,2	-1,0	-0,8	-0,8
Capital Increase	0,8	0,0	7,7	0,0	0,0	0,0
Funding Flow	0,3	0,6	2,2	-0,1	-0,1	0,0
Cash Flow from Financing	1,2	0,6	9,6	-0,1	-0,1	0,0
Net Change in cash position	-1,3	-1,7	2,0	-0,6	0,9	0,9
RATIOS	2015	2016	2017	2018e	2019e	2020e
Ebitda Margin	-5,3%	0,5%	0,5%	3,1%	5,4%	7,5%
EBIT Margin	-7,2%	-1,1%	-2,7%	0,5%	2,9%	5,3%
Net Margin	-6,7%	-3,3%	-1,2%	-2,0%	0,7%	2,3%
ROE	-19,7%	-11,8%	-2,9%	-5,0%	1,9%	5,8%
ROCE	-10,6%	-1,4%	-3,1%	0,6%	3,8%	7,1%
Gearing	27,9%	69,2%	31,4%	36,2%	24,4%	17,7%
FCF per share	-0,55	-0,51	-0,32	-0,06	0,13	0,12
EPS (€)	-0,31	-0,16	-0,05	-0,08	0,03	0,11
Dividend per share (€)	0,0	0,0	0,0	0,0	0,0	0,0
Dividen Yield	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Distribution rate	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%

Estimates : GreenSome Finance

Rating Definition

BUY	NEUTRAL	SELL
Upside > +10%	-10% < Upside < +10%	Upside < -10%

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