

EGIDE

Euronext C - FR0000072373 - GID

- ✓ Capital increase with maintenance of preferential subscription rights (PSR) from € 2.5 million to € 1.05 per share
- ✓ Guaranteed transaction of € 2 million by Vatel Capital

Egide announced last friday, capital increase with PSR for an amount of € 2.5m, which can be increased to € 2.9m in case of full exercise of the extension clause. Vatel Capital, which has already 0.79% of the capital, guaranteed the transaction for € 2 million, or 80%. Also, if the fund was up to 100% of the demand, it would become the largest shareholder of the group with 19% of the capital.

This transaction will result in 2.37 million shares being created and 2.72 million shares in the event of the exercise of the extension clause compared to 7.9 million shares at the present time.

The purpose of this capital increase is to give the group the means to optimize the French structure. The recent appointment of Éric Delmas as Deputy Chief Executive Officer, just over a year after being recruited to take over the management of the Bollène site, seems to correspond to the group's desire to review the "way of doing things". 'Egide SA. Indeed, the structural evil of Egide SA is to not succeed in developing commercially speaking.

For proof between 2007 and 2018 the turnover fluctuated between a low of € 12.2m and a high of € 18.2m. As a reminder, 2018 turnover was € 14.4m. Thus Egide SA suffers from a chronic evil, its inability to expand its market.

This situation, combined with the fact that the French entity bears much less easily adjustable costs than for Egide USA, makes it on the current commercial perimeter structurally deficit. Thus, on average since 2010, the breakeven point is around € 15m. All the challenge of Éric Delmas is to change this state of affairs and the current operation must help it.

This, in our opinion, requires a profound change in Egide SA's approach. It needs to expand the commercial scope, the new trade agreements signed in April to cover Central Europe and China can and must participate. Egide SA must also have a cost structure capable of making profitable past and future contracts what may seem like a truism but until then Egide SA has never really managed to reconcile the two.

To summarize, Egide USA seems about to finish its moult thanks to 1 / the contribution of the developed ceramic technology, it must be remembered, because Egide SA is one of the few players to master this technology and 2 / acquisition from Santier. It is now the turn of Egide SA to make his. Egide SA has a real know-how but with a lot of difficulty to make it known and that in a profitable way. This is the challenge that must be met and that motivates the capital increase that has just been launched because any change in organization necessarily has a cost.

Pending the results of the capital increase on June 5, we keep our opinion and our course objective knowing that this is based on the improvement of profitability in the USA and the achievement of profitability from 2021 for the scope SA. Note that taking into account the creation of new shares will lead to a decline in our price target.

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BUY

Capital Increase

Label BPI - Entreprise Innovante- Eligible PEA-PME

TARGET **BEFORE**
€ 2.1 **€ 2.1**

PRICE (5/17/19) **POTENTIAL**
€ 1.02 **+106%**

MARKET CAP. **FLOTTANT**
€ 8 million **€ 6 million**

Ratios	2019e	2020e	2021e
EV/Sales	0,38	0,35	0,31
EV/EBIT	30,2	7,9	5,6
P/E	-17,8	17,7	9,4
P/CF	10,1	6,1	3,8
Dividend Yield	0%	0%	0%

Data per share	2018	2019e	2020e	2021e
EPS	-0,29	-0,06	0,06	0,11
%Change	nr	nr	nr	89,5%
FCF	-0,06	0,00	0,07	0,16
%Change	nr	nr	nr	144,1%
Dividend	-	-	-	-

Income Statement (€m)	2018	2019e	2020e	2021e
Net Sales	31,7	33,9	36,8	38,6
%Change	7,0%	8,5%	4,8%	4,8%
EBITDA	0,49	1,10	2,26	2,79
% Sales	1,5%	3,2%	6,1%	7,2%
EBIT	-1,53	0,43	1,64	2,12
% Sales	-4,8%	1,3%	4,5%	5,5%
Net Result	-2,29	-0,45	0,45	0,86
% Sales	-7,2%	-1,3%	1,2%	2,2%

Cash Flow Statement (€m)	2018	2019e	2020e	2021e
FCF	-0,5	0,0	0,5	1,3
Net Debt	4,6	5,0	4,8	3,8
Shareholder Equity	11,0	10,9	12,1	13,8
Gearing	42%	46%	40%	27%
ROCE	-6,3%	1,7%	6,1%	7,6%

Shareholders	
Sigma Gestion	13,0%
Ostrum AM	5,0%
Direction	1,0%
Free Float	81,0%

Performances	2019	3m	6m	1 Year
Egide	-26,9%	-12,8%	-34,2%	-55,7%
CAC Small	12,0%	3,2%	3,6%	-20,6%
12 months Low-High	1,02	2,31		

Liquidity	2019	3m	6m	1 Year
Cumulative volume (000)	2 092	1 069	2 657	3 709
% of capital	26,5%	13,5%	33,6%	47,0%
% of Free Float	35,4%	18,1%	45,0%	62,9%
€ Million	2,6	1,2	3,4	5,5

Next Event

Sales H1 : 12th of July

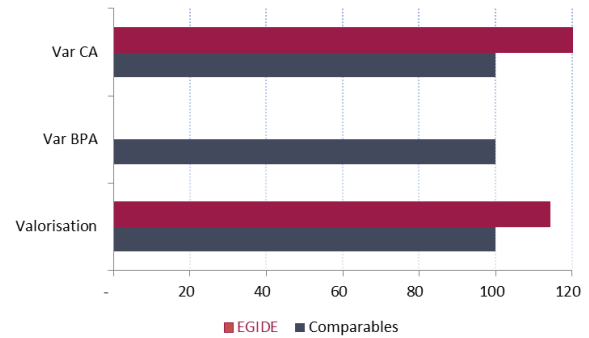
Snapshot Egide

Egide 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. Egide 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
3/29/2019	2018 annual results	Buy	€ 1.165	€ 2.1
1/11/2019	2018 Sales	Buy	€ 1.57	€ 2.6
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

Financial Data

Income Statement (€ m)	2016	2017	2018	2019e	2020e	2021e
Revenues	22,2	30,9	31,7	33,9	36,8	38,6
Purchase	9,1	12,3	12,6	13,6	14,7	15,4
Externals costs	3,7	5,0	4,7	5,0	5,3	5,6
Personnals Costs	9,2	13,1	13,5	13,7	13,9	14,2
EBITDA	-0,2	0,0	0,5	1,1	2,3	2,8
Amortization	0,7	1,0	1,8	0,9	0,8	0,9
other	0,3	0,1	-0,2	0,2	0,2	0,2
EBIT	-0,6	-0,8	-1,5	0,4	1,6	2,1
Financial Result	-0,1	-0,8	-0,6	-0,5	-0,5	-0,5
Tax	0,0	-1,2	0,1	0,4	0,7	0,8
Net Result	-0,7	-0,4	-2,3	-0,5	0,5	0,9
Balance Sheet (€ m)	2016	2017	2018	2019e	2020e	2021e
Fixed Assets	5,7	9,1	8,3	8,7	9,1	9,3
Stock Inventories	3,8	6,3	6,5	6,6	7,2	7,5
Accounts Receivable	5,2	7,0	5,9	6,6	7,2	7,5
Other Currents Assests	0,2	0,3	0,3	0,5	0,5	0,5
Cash & Equivalents	1,1	3,0	2,4	4,1	4,6	5,8
TOTAL Assets	16,0	25,7	23,4	26,5	28,5	30,7
Shareholders' Equity	6,2	12,7	11,0	10,9	12,1	13,8
Provisions	0,5	0,7	0,7	0,8	0,8	0,9
Financial Debt	5,4	7,0	6,9	9,1	9,4	9,6
Accounts Payables	3,9	5,3	4,8	5,7	6,1	6,4
TOTAL Liabilities	16,0	25,7	23,4	26,5	28,5	30,7
Cash Flow Statements (€ m)	2016	2017	2018	2019e	2020e	2021e
Cash Flow from Operating Activities	-0,1	-0,5	-0,2	0,8	2,0	2,5
Change in Net Working Capital	1,2	0,9	-0,7	0,1	0,7	0,4
Cash Flow from Operations	-1,3	-1,4	0,4	0,8	1,3	2,1
Cash Flow from Investing	-1,0	-6,2	-0,9	-0,8	-0,8	-0,8
Capital Increase	0,0	7,7	0,0	0,0	0,0	0,0
Funding Flow	0,6	2,2	-0,1	1,8	0,0	-0,1
Cash Flow from Financing	0,6	9,6	-0,2	1,8	0,0	-0,1
Net Change in cash position	-1,7	2,0	-0,6	1,8	0,5	1,2
RATIOS	2016	2017	2018	2019e	2020e	2021e
Ebitda Margin	-0,9%	0,1%	1,5%	3,2%	6,1%	7,2%
EBIT Margin	-2,5%	-2,7%	-4,8%	1,3%	4,5%	5,5%
Net Margin	-3,3%	-1,2%	-7,2%	-1,3%	1,2%	2,2%
ROE	-11,8%	-2,9%	-20,8%	-4,1%	3,7%	6,2%
ROCE	-3,4%	-3,1%	-6,3%	1,7%	6,1%	7,6%
Gearing	69,2%	31,4%	41,7%	45,6%	39,7%	27,3%
FCF per share	-0,5	-0,3	-0,1	0,0	0,1	0,2
EPS (€)	-0,2	-0,0	-0,3	-0,1	0,1	0,1
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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