

## EGIDE

Euronext C - FR0000072373 - GID

- ✓ France has now the means to restructure itself
- ✓ Capital increase oversubscribed to 103.2% at € 1.05 per share
- ✓ € 2.57 million raised, including € 2 million from Vatel Capital

Egide has raised € 2.57m, helped, in particular, by Vatel Capital, which subscribed for € 2m, the amount for which it had committed. It thus becomes the largest shareholder of the group with 19% of the capital. Note that he does not intend to be represented on the Board of Directors but it should be remembered that he participated in the capital increase that enabled Egide to acquire Santier. In addition, last year Egide signed a bond loan with Vatel. The two parties know each other very well. The balance of € 0.57m was subscribed with existing shareholders or new shareholders, the management having thanked the arrival of new investors. Vatel is already a shareholder, so it's not about him. We can notice that the operation was little attended by existing shareholders probably disappointed with the underperformance of the stock market.

**Concerning the operational aspect**, as we wrote at the launch of this operation, its goal is to optimize the French structure and revitalize it commercially speaking.

To remember, in 2018 the turnover was € 14.4m for an EBIT of € -0.73m. Between 2007 and 2018 turnover fluctuated between a low of € 12.2m and a high of € 18.2m and was profitable only in 2010 (margin of 4.4%) and 2011 (margin of 2.5%).

The funds raised must allow the group to reorganize in France to finally have a structure able to sustainably exceed its breakeven. This will be the job of Eric Delmas, recruited in early 2018 and appointed a short time ago as Deputy Chief Executive Officer.

As we said in our previous comment, the amounts raised must allow the group to finish its moult, remains to determine the cost. It is in working order in the USA thanks to the contribution of ceramic technology and the acquisition of Santier. It is the turn of Egide SA to evolve in depth especially at the commercial level.

To repeat ourselves, Egide SA has a real know-how on a niche where few actors can go. From now on, Egide must make it known in a profitable way.

**From a stock market perspective**, the group is on a historically low level that does not reflect its fundamentals if it is estimated that it can become profitable. On the basis of the current price and if we don't take into account the operation that has just been carried out, Egide is worth less than the funds raised two years ago to acquire Santier.

Still without taking into account the exercise just completed, the market capitalization is 25% lower than equity. The group is therefore objectively undervalued.

**Concerning our forecasts**, from 2019 we integrate the raised funds which come to reinforce the shareholders' equity and the treasury. We also take into account the stocks created. On the other hand, we are not yet able to determine the costs that will be incurred by the restructuring that is likely to take place. Also, it is likely that we will have to downgrade our 2019 earnings forecasts knowing that in the medium term the goal is to make the structure more flexible and therefore more profitable compared to our current vision. We will wait for a contact with the management to try to evaluate its costs.

So, **we are keeping our estimates but are downgrading our target price**, as expected due to the creation of the new stocks. We are now targeting 1.49 € (DCF 1.48 € - comparable 1.51 €).

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## BUY

### Results capital increase

Label BPI - Entreprise Innovante- Eligible PEA-PME

**TARGET** **BEFORE**  
**€ 1.49** (after operation) **€ 2.1**

**PRICE** (6/4/19) **POTENTIAL**  
**€ 1.05** **+41.7%**

**CAPITALISATION** **FLOTTANT**  
**€ 8.3m** (before operation) **€ 6.2m**

Ratios	2019e	2020e	2021e
EV/Sales	0,4	0,3	0,3
EV/EBIT	30,3	7,8	5,5
P/E	-24,0	23,9	12,6
P/CF	13,6	8,2	5,1
Dividend Yield	0,0	0,0	0,0

Data per share	2018	2019e	2020e	2021e
EPS	-0,29	-0,04	0,04	0,08
%Change	nr	nr	nr	0,89
FCF	-0,06	0,00	0,05	0,12
%Change	nr	nr	nr	1,44
Dividend	0,00	0,00	0,00	0,00

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	0,5	1,1	2,3	2,8
% Sales	1,5%	3,2%	6,1%	7,2%
EBIT	-1,5	0,4	1,6	2,1
% Sales	-4,8%	1,3%	4,5%	5,5%
Net Result	-2,3	-0,5	0,5	0,9
% 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	2,2	1,8	0,7
Shareholder Equity	11,0	12,9	13,4	14,2
Gearing	41,7%	17,0%	13,8%	4,8%
ROCE	-6,3%	1,8%	6,8%	8,9%

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

Performances	2019	3m	6m	1 Year
Egide	-24,7%	-12,1%	-30,5%	-53,5%
CAC Small	8,2%	-2,2%	-1,5%	-21,7%
12 months Low-High	1,01	2,31		

Liquidity	2019	3m	6m	1 Year
Cumulative volume (000)	2 314	1 204	2 799	3 841
% of capital	29,3%	15,2%	35,4%	48,6%
% of Free Float	39,2%	20,4%	47,4%	65,1%
€ Million	2,8	1,3	3,5	5,5

Next Event

Sales H1 : 12th of July

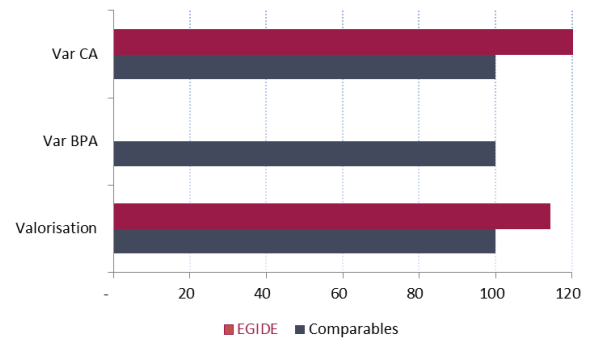
## Snapshot Egide

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
5/20/2019	Capital Increase	Buy	€ 1.02	€ 2.1
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

## Données financières

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	7,9	7,4	6,7
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	4,9	5,4	6,6
TOTAL Assets	16,0	25,7	23,4	26,5	27,6	28,9
Shareholders' Equity	6,2	12,7	11,0	12,9	13,4	14,2
Provisions	0,5	0,7	0,7	0,8	0,8	0,9
Financial Debt	5,4	7,0	6,9	7,1	7,3	7,3
Accounts Payables	3,9	5,3	4,8	5,7	6,1	6,4
TOTAL Liabilities	16,0	25,7	23,4	26,5	27,6	28,9

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	2,6	0,0	0,0
Funding Flow	0,6	2,2	-0,1	0,0	0,0	-0,1
Cash Flow from Financing	0,6	9,6	-0,2	2,6	0,0	-0,1
Net Change in cash position	-1,7	2,0	-0,6	2,6	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%	-3,5%	3,4%	6,1%
ROCE	-3,4%	-3,1%	-6,3%	1,8%	6,8%	8,9%
Gearing	69,2%	31,4%	41,7%	17,0%	13,8%	4,8%
FCF per share	-0,5	-0,3	-0,1	0,0	0,1	0,1
EPS (€)	-0,2	0,0	-0,3	0,0	0,0	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  
2019-2020-2021 with new shares

## Rating Definition

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

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