

## EGIDE

Euronext C - FR0000072373 - GID

- ✓ H1 Sales -8.5% (constant exchange rate -12.5%)
  - Egide SA € 5.4m (-29.4%)
  - Egide USA € 5m (+20.4% cer)
  - Santier € 4.5m -5.8% (-12.1% cer)
- ✓ Backlog +23%

As management had announced, the beginning of the year is complicated especially on the European perimeter which is down from -29.4% to €5.4m, down close to that seen in Q4 2018.

Egide SA posted its lowest level of activity in 10 years, still strongly penalized by the stop of orders from major customers in both thermal imaging and microwave (respective decreases for the entire group of 23.3% and 40.3%). These key customers have put themselves in a situation of waiting because of the commercial tensions between China and the USA but also by the reinforcement of the rules of exports. To this is added a performance less than expected in Israel.

In the the USA, the rise of ceramics continues with a rise of 119%. We can also note the continuation of the recovery of the US entity on glass-metal which progressed by about + 18% after + 16% in 2018. Santier's activity continued to decline (-5.8% in H1), but less than in H2 2018 (-15%), as the entity continued to experience order delays.

In the end this first part of the year is not surprising, even if it is lower than our expectations, and continues to highlight the weaknesses of Egide SA commercially speaking. It will also have a point of vigilance on Santier because it was the only profitable entity of the group. It is therefore key that it covers growth in H2. On this point, the management shows its confidence. For Egide USA, the dynamic displayed is higher than our expectation over the year (+ 22% expected / + 29% published in S1). The key will be the continued rise in ceramics which should double over the year to exceed \$ 2m.

### Outlook.

Management is aiming for a return to growth for all of its entities in H2 and is beginning to talk about 2020, which should benefit from the recovery of the market, which has seen many postponements of orders due to a lack of regulatory and commercial visibility. Quite logically, what has not been ordered will end up being because the needs, for example, at the level of the satellite programs remain. The recovery of the latter will play favorably on the Microwave segment and will continue to pull that of the Power which was already the most dynamic (H1 + 42.7% to € 4.3m). There remains the question of Egide SA. The management mentions a reorganization starting from the H2, reorganization which should have first effects in Q1 2020 and which will necessarily have a cost. The key remains the same, according to us, namely a better commercial organization and a structure "less heavy" to better absorb jolts. The group must also be able to develop new solutions to expand its customer portfolio. This point is mentioned in the press release. It remains to be seen how long it will take for this to be concrete. While waiting to better understand these elements, this publication leads us to downgrade our target of 2019 Sales to € 32.6m vs. € 33.9m which degrades our estimate of results with an EBIT close to zero vs € 0.43m, knowing that this does not take into account the reorganization costs. elements

### Conclusions.

Egide continues to suffer the same pain, a commercial weakness that seems structural, especially in Europe. The management does not hide it and decided to embark on the reorganization of Egide SA. In this the capital increase carried out in June will be very useful.

we are keeping our € 1.49 price target for the moment, knowing that it does not include the costs of the ongoing restructuring and what Egide's new operational profile will be. Also, the uncertainty induced by the impact on our model of these and the prospect of results in H1 sharply lower than in H1 2018 lead us to pass for the moment to Neutral vs Buy.

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## NEUTRAL vs BUY

### Sales H1 + contact

BPI Label – Innovative company- PEA-PME Eligible

**TARGET** **BEFORE**  
**€ 1.49** **€ 1.49**

**PRICE (7/12/19)** **POTENTIAL**  
**€ 1.05** **+41,9%**

**CAPITALISATION** **FLOTTANT**  
**€ 10.86m** **€ 7.2m**

Ratios	2019e	2020e	2021e
EV/Sales	0,4	0,4	0,3
EV/EBIT	nr	9,4	6,5
P/E	nr	35,4	15,5
P/CF	16,3	10,1	5,9
Dividend Yield	0,0	0,0	0,0

Data per share	2018	2019e	2020e	2021e
EPS	-0,29	-0,07	0,03	0,07
%Change	nr	nr	nr	1,28
FCF	-0,06	-0,01	0,03	0,10
%Change	nr	nr	nr	2,53
Dividend	0,00	0,00	0,00	0,00

Income Statement (€m)	2018	2019e	2020e	2021e
Net Sales	31,7	32,8	35,6	37,4
%Change	3,4%	8,7%	4,9%	4,9%
EBITDA	0,5	0,7	2,0	2,5
% Sales	1,5%	2,1%	5,6%	6,7%
EBIT	-1,5	0,0	1,4	1,9
% Sales	-4,8%	0,1%	3,9%	5,0%
Net Result	-2,3	-0,8	0,3	0,7
% Sales	-7,2%	-2,4%	0,9%	1,9%

Cash Flow Statement (€m)	2018	2019e	2020e	2021e
FCF	-0,5	-0,1	0,3	1,0
Net Debt	4,6	2,2	2,1	1,2
Shareholder Equity	11,0	12,6	12,9	13,6
Gearing	41,7%	17,7%	16,3%	8,7%
ROCE	-6,3%	0,2%	5,8%	7,9%

Shareholders	
Vatel Capital	19,0%
Sigma Gestion	9,9%
Ostrum AM	3,8%
Direction	0,7%
Free Float	66,6%

Performances	2019	3m	6m	1 Year
Egide	-24,7%	-7,5%	-31,4%	-52,9%
CAC Small	11,4%	-2,8%	5,1%	14,8%
12 months Low-High	1,01	2,25		

Liquidity	2019	3m	6m	1 Year
Cumulative volume (000)	2 972	1 267	2 912	4 343
% of capital	28,7%	12,2%	28,1%	42,0%
% of Free Float	43,1%	18,4%	42,3%	63,0%
€ Million	3,5	1,4	3,4	5,8

**Next Event** H1 Results : 9/27

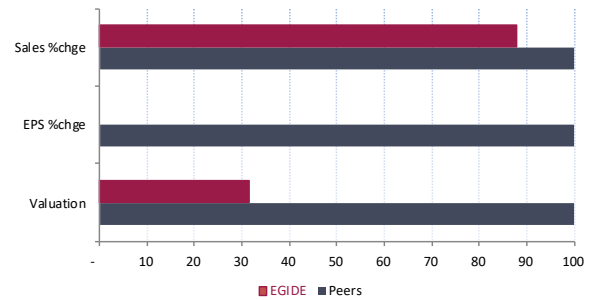
## Snapshot Egide

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
6/7/2019	Capital Increase Results	Buy	€ 1.05	€ 1.49
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	32,8	35,6	37,4
Purchase	9,1	12,3	12,6	13,1	14,3	15,0
Externals costs	3,7	5,0	4,7	4,8	5,2	5,4
Personnals Costs	9,2	13,1	13,5	13,6	13,7	13,9
EBITDA	-0,2	0,0	0,5	0,7	2,0	2,5
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	0,0	1,4	1,9
Financial Result	-0,1	-0,8	-0,6	-0,5	-0,5	-0,5
Tax	0,0	-1,2	0,1	0,4	0,6	0,7
Net Result	-0,7	-0,4	-2,3	-0,8	0,3	0,7
Balance Sheet (€ m)	2016	2017	2018	2019e	2020e	2021e
Fixed Assets	5,7	9,1	8,3	7,8	7,4	6,8
Stock Inventories	3,8	6,3	6,5	6,4	6,9	7,3
Accounts Receivable	5,2	7,0	5,9	6,4	6,9	7,3
Other Currents Assests	0,2	0,3	0,3	0,5	0,5	0,5
Cash & Equivalents	1,1	3,0	2,4	4,8	5,1	6,0
TOTAL Assets	16,0	25,7	23,4	25,9	26,9	27,9
Shareholders' Equity	6,2	12,7	11,0	12,6	12,9	13,6
Provisions	0,5	0,7	0,7	0,8	0,8	0,9
Financial Debt	5,4	7,0	6,9	7,0	7,2	7,2
Accounts Payables	3,9	5,3	4,8	5,5	5,9	6,2
TOTAL Liabilitites	16,0	25,7	23,4	25,9	26,9	27,9
Cash Flow Statements (€ m)	2016	2017	2018	2019e	2020e	2021e
Cash Flow from Operating Activities	-0,1	-0,5	-0,2	0,4	1,7	2,3
Change in Net Working Capital	1,2	0,9	-0,7	-0,2	0,7	0,4
Cash Flow from Operations	-1,3	-1,4	0,4	0,7	1,1	1,9
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	2,5	0,0	-0,1
Net Change in cash position	-1,7	2,0	-0,6	2,4	0,3	1,0
RATIOS	2016	2017	2018	2019e	2020e	2021e
Ebitda Margin	-0,9%	0,1%	1,5%	2,1%	5,6%	6,7%
EBIT Margin	-2,5%	-2,7%	-4,8%	0,1%	3,9%	5,0%
Net Margin	-3,3%	-1,2%	-7,2%	-2,4%	0,9%	1,9%
ROE	-11,8%	-2,9%	-20,8%	-6,1%	2,4%	5,1%
ROCE	-3,4%	-3,1%	-6,3%	0,2%	5,8%	7,9%
Gearing	69,2%	31,4%	41,7%	17,7%	16,3%	8,7%
FCF per share	-0,5	-0,3	-0,1	0,0	0,0	0,1
EPS (€)	-0,2	0,0	-0,3	-0,1	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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