

EGIDE

Euronext C - FR0000072373 - GID

- ✓ Sales H1 -8.5%
- ✓ EBIT - € 1.5m vs. € 0.4m in H1 2018 / reorganization impact - € 0.73m
- ✓ Net result - € 1.85m vs. € 0.09m in H1 2018

Following the publication of the half year turnover, we discussed Egide SA's question and the future cost of its reorganization, a reorganization mentioned by the management but which we were not able to estimate.

These costs consist in transferring to Bollène, the group's industrial site, the mechanical "small workshop" located in Trappes as well as administrative services (purchasing, accounting, marketing). The estimated cost of this reorganization is € 800K knowing that € 730K have been provisioned in H1. These costs are mainly derived from severance pay paid to employees who do not want to go to Bollène. For the record, by integrating the commercial force which, for the moment remains in Trappes the time to find a buyer of the lease (3 people - cost of the lease of € 75K per year with end of the lease in 2026), this concerns a little less of 20 people. Restated for this item, the EBIT would come out at - € 0.77m while we waited - € 0.24m.

Management estimates that once the reorganization has been completed, the expected gain should be in the order of € 0.58m in 2020 and € 0.66m in 2021. It is difficult to express an opinion on these amounts as a precautionary measure for the moment, we prefer to include only a gain of € 300K per year.

At the level of turnover, management aims for a slight growth over the year after a 8.5% decline in H1, mainly due to Egide SA (-29%) and to a lesser extent Santier (-5.8%) while Egide USA grew by 29%. Our hypothesis of a rise of 3.4% may therefore seem a little optimistic with regard to the discourse and would lead to an increase of nearly 16% in H2.

All of these factors lead to an adjustment of our forecasts and in particular for 2019 with the inclusion of restructuring costs, which must be completed at the end of the year. Nevertheless, we need to take a step back from our estimates because many elements make the exercise more difficult.

The semi-annual results meeting should help us refine our estimates. In the meantime, we prefer to keep a cautious bias and stay at Neutral. We will make a point after the meeting which is held this Friday at 8:30.

Conclusion.

The management of Egide, following its capital increase in June, was quick to launch its reorganization plan. Closing Trappes has an organizational sense, now remains to quickly reconstitute the administrative and machining team on Bollène to minimize the disorganization that could induce.

Beyond this aspect, the key, in our opinion, remains the group's ability to find sustainable growth for Egide SA and Egide USA.

Also, the reorganization in progress may appear in the eyes of some the operation of the last chance and for others a smoke screen.

According to us, in the current perimeter conserving Trappes had little meaning and if this can be a source of savings so much better. After the management must quickly reconstruct a team but especially find new markets. With a soon optimized structure, he must prove that he can combine growth and profitability.

We were waiting profitability in 2019, this will not be the case, partly because of the reorganization costs. 2020 must really be the year of the seesaw. For the moment it is the party we are taking but there are still many uncertainties.

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NEUTRAL

H1 Results

BPI Label – Innovative company- PEA-PME Eligible

TARGET **BEFORE**
€ 1.49 **€ 1.49**

PRICE (9/26/19) **POTENTIAL**
€ 0.928 **+60.6%**

CAPITALISATION **FLOTTANT**
€ 9.6m **€ 6.4m**

Ratios	2019e	2020e	2021e
EV/Sales	0,4	0,4	0,3
EV/EBIT	nr	8,1	5,5
P/E	nr	32,8	14,1
P/CF	-20,8	6,4	4,2
Dividend Yield	0,0	0,0	0,0

Data per share	2018	2019e	2020e	2021e
EPS	-0,29	-0,21	0,03	0,07
%Change	nr	nr	nr	1,33
FCF	-0,06	-0,12	0,07	0,14
%Change	nr	nr	nr	1,00
Dividend	0,00	0,00	0,00	0,00

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

Cash Flow Statement (€m)	2018	2019e	2020e	2021e
FCF	-0,5	-1,2	0,7	1,5
Net Debt	4,6	3,3	2,8	1,4
Shareholder Equity	11,0	11,2	11,5	12,2
Gearing	41,7%	29,8%	24,1%	11,5%
ROCE	-6,3%	-4,6%	6,7%	9,2%

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	-33,5%	-13,3%	-22,3%	-56,0%
CAC Small	6,3%	-2,9%	-0,4%	-16,4%
12 months Low-High	0,92	2,13		

Liquidity	2019	3m	6m	1 Year
Cumulative volume (000)	3 390	586	2 081	4 548
% of capital	32,8%	5,7%	20,1%	44,0%
% of Free Float	49,2%	8,5%	30,2%	66,0%
€ Million	3,9	0,6	2,2	5,8

Next Event 2019 Annual Revenue : 1/29/19

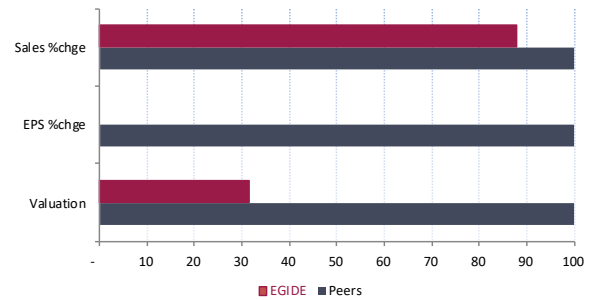
Snapshot Egide

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



Target Price & rating history

Date	Type	Opinion	Price per share	Target Price
7/15/19	H1 Sales	Neutral	€ 1.05	€ 1.49
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

Financial Data

Income Statement (€ m)	2016	2017	2018	2019e	2020e	2021e
Revenues	22,2	30,9	31,7	32,5	35,3	37,1
Purchase	9,1	12,3	12,6	13,0	14,1	14,8
Externals costs	3,7	5,0	4,7	4,8	5,1	5,4
Personnals Costs	9,2	13,1	13,5	13,6	13,6	13,8
EBITDA	-0,2	0,0	0,5	0,8	2,1	2,6
Amortization	0,7	1,0	1,8	2,1	0,8	0,9
other	0,3	0,1	-0,2	0,2	0,2	0,2
EBIT	-0,6	-0,8	-1,5	-1,1	1,5	2,0
Financial Result	-0,1	-0,8	-0,6	-0,6	-0,6	-0,6
Tax	0,0	-1,2	0,1	0,6	0,7	0,8
Net Result	-0,7	-0,4	-2,3	-2,2	0,3	0,7

Balance Sheet (€ m)	2016	2017	2018	2019e	2020e	2021e
Fixed Assets	5,7	9,1	8,3	7,6	6,7	5,7
Stock Inventories	3,8	6,3	6,5	6,3	6,9	7,2
Accounts Receivable	5,2	7,0	5,9	6,3	6,9	7,2
Other Currents Assests	0,2	0,3	0,3	0,5	0,5	0,5
Cash & Equivalents	1,1	3,0	2,4	3,7	4,4	5,8
TOTAL Assets	16,0	25,7	23,4	24,4	25,4	26,4
Shareholders' Equity	6,2	12,7	11,0	11,2	11,5	12,2
Provisions	0,5	0,7	0,7	0,7	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	5,4	5,9	6,2
TOTAL Liabilities	16,0	25,7	23,4	24,4	25,4	26,4

Cash Flow Statements (€ m)	2016	2017	2018	2019e	2020e	2021e
Cash Flow from Operating Activities	-0,1	-0,5	-0,2	-0,7	2,2	2,7
Change in Net Working Capital	1,2	0,9	-0,7	-0,3	0,7	0,4
Cash Flow from Operations	-1,3	-1,4	0,4	-0,5	1,5	2,3
Cash Flow from Investing	-1,0	-6,2	-0,9	-0,7	-0,8	-0,8
Capital Increase	0,0	7,7	0,0	2,6	0,0	0,0
Funding Flow	0,6	2,2	0,8	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	1,3	0,7	1,4

RATIOS	2016	2017	2018	2019e	2020e	2021e
Ebitda Margin	-0,9%	0,1%	1,5%	2,6%	6,0%	7,1%
EBIT Margin	-2,5%	-2,7%	-4,8%	-3,3%	4,3%	5,4%
Net Margin	-3,3%	-1,2%	-7,2%	-6,7%	0,8%	1,8%
ROE	-11,8%	-2,9%	-20,8%	-19,4%	2,5%	5,6%
ROCE	-3,4%	-3,1%	-6,3%	-4,6%	6,7%	9,2%
Gearing	69,2%	31,4%	41,7%	29,8%	24,1%	11,5%
FCF per share	-0,5	-0,3	-0,1	-0,1	0,1	0,1
EPS (€)	-0,2	0,0	-0,3	-0,2	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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