

EGIDE

Euronext C - FR0000072373 - GID

✓ Point with Luc Ardon, new CFO of Egide

At the beginning of December, Egide announced the end of the reorganization of Egide SA and the arrival of Luc Ardon, former CFO of Lumibird (ex-Quantel), as new Chief Financial Officer.

This step must, in our opinion, be the last of a profound change of the group so that it can finally be profitable.

The management has just completed the switch from the administrative and financial services of Trappes to the Bollène production site. The graphite & ceramic machining activity has also been transferred. Only the commercial team is still in Trappes, the current lease still 5 years. For the record, a provision of € 730,000 has been made in H1 to cover reorganization costs. It now remains to finish the deployment of ERP across the entire scope of Egide SA, a project that began two years ago and will end in March 2020.

When publishing the H1 results, we felt that closing Trappes had an organizational sense, but that the question of time needed for the reconstitution of a team could be raised. It is now done but in addition some arbitrations have been made through recourse to providers in order to gain flexibility.

We understand from our exchange the desire to make Egide SA "more agile". Having a team now on the same site should help that.

For 2019, as indicated by management, expect "slight" growth. There will be growth in H2 thanks to a favorable base effect and the rise of US ceramics. After, everything will depend on Egide SA which is under a tense market due to the tightening of the European export rules. Also, although we do not touch our estimate, we can take this as a high point.

In terms of results, the fact that our expectation of CA seems to us to be a "best case", we must consider that the results we expect should be taken as a high point.

For 2020, both in terms of sales and margins, the basic effect will be favorable. For the Board, priority could be given to the most profitable contracts because there is a real desire to review the way products are considered. Egide SA must produce more and cheaper and be profitable. Basically, the group must be more competitive especially on longer series because there is a market where competition majors is not too much felt. Technically Egide knows how to answer this need, remains to know how to answer it economically speaking. This is certainly the new challenge that Egide must meet.

To conclude.

2019 will not be a good year but marks a break. 2020 must show that a switch is taking place. There are still many uncertainties but the group masters a technology, has the skills, has a deeply renewed team, to him to show that it addresses a real market and especially that it can do it in a profitable way. 2020 must be the year of this demonstration.

From a stock market point of view, we keep our target price of € 1.49, which offers a potential for appreciation of more than 50%. It should be considered in a medium-term perspective ie at a horizon of 12-18 months and this on the condition that the efforts of "change" begin to translate into figure from the H1 2020. By then, we keep our opinion Neutral because there are still many uncertainties.

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NEUTRAL

Contact

BPI Label – Innovative company- PEA-PME Eligible

TARGET **BEFORE**
€ 1.49 **€ 1.49**

PRICE (12.11.19) **POTENTIAL**
€ 0.952 **+56%**

CAPITALISATION **FLOTTANT**
€ 10.35m **€ 6.56m**

Ratios	2019e	2020e	2021e
EV/Sales	0,4	0,4	0,3
EV/EBIT	nr	8,3	5,7
P/E	nr	33,6	14,4
P/CF	-21,3	6,5	4,3
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	-31,8%	-0,8%	-7,6%	-34,3%
CAC Small	11,2%	4,7%	-0,3%	9,4%
12 months Low-High	0,80	1,57		

Liquidity	2019	3m	6m	1 Year
Cumulative volume (000)	4 017	676	1 661	4 398
% of capital	38,8%	6,5%	16,0%	42,5%
% of Free Float	58,3%	9,8%	24,1%	63,8%
€ Million	4,5	0,6	1,6	5,0

Next Event

2019 Annual Revenue : 1/29/19

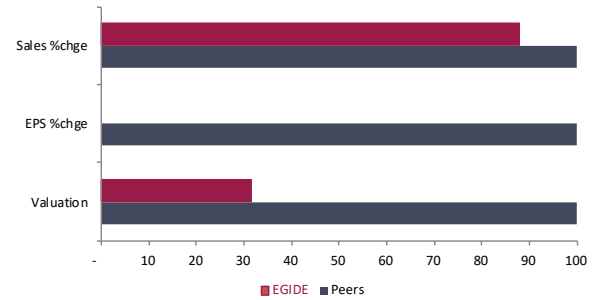
Snapshot Egide

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
9/27/19	H1 resultats	Neutral	€ 0.928	€ 1.49
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

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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