

EGIDE

Euronext C - FR0000072373 - GID

- ✓ 2019 revenue € 31.79m stable / -3.1% cer (€ 32.5m expected)
 - o Egide SA € 12.1m -15.9% (€ 12.6m expected)
 - o Egide USA € 11.3m + 34.7% / + 27.6% cer (€ 10.5m expected)
 - o Santier € 8.4m -6.4% / -11.3% cer (€ 9.4m expected)

As expected, H2 was more favorable with activity growth of 5.8% (+ 13.2% cer) vs -8.5% in H1 but came out below our expectations due to 1 / the cancellation orders for two radar systems which penalized Santier (H2-11.8% vs -5.8% in H1) and 2 / a still complicated environment for Egide SA due to the tightening of European export rules (H1 -29.4%, H2 -0.7%). Note that in H2 2018 the activity of Egide SA had decreased by 15.8%. Also, H2 2019 benefited from a favorable base effect.

Note the good performance of Egide USA, which is accelerating in H2 with activity growth of 31.8% (+ 25.2% cc) after + 29% in H1 (+ 20.4% cc). Egide USA is benefiting from the rise of "ceramic" products but also from the glass-metal activity.

2019 has shown the difficulties the group is facing for Egide SA, which has posted its lowest level of activity since 2010. We should also note the decline in Santier, which has been experiencing order delays for three semesters now and which has seen its activity decline 50% with its first customer, the latter having partially relocated its facilities.

This situation will necessarily have a negative impact on results, to which are added the costs of the reorganization carried out in H2. We therefore adjust our estimate of operating profit to -2 M € vs -1.06 M €.

As we said after our exchange with Luc Ardon, 2019 will not be a good year but it may mark a change with the concrete start of the development of ceramics in the USA and the implementation of a plan of reorganization within Egide SA. However, Santier should not be left behind. On this point, management seems confident because it expects growth for its 3 entities and intends to continue its efforts within Egide USA in order to bring it to the same technical level as Egide SA.

2020 will be a key year for both Egide SA and the USA. For Egide SA we are waiting to see the effects of the reorganization carried out in terms of expenses and especially the effect of the commercial efforts carried out for 18 months.

In the United States, you have to confirm for ceramics and succeed in breathing new life into Santier.

From a forecast point of view, we keep the same assumptions in terms of growth rate but the lower volume of activity observed in 2019 plays unfavorably on the 2020e - 2021e sequence and therefore on our expectations in terms of results. This brings us to lower our price target to € 1.3 vs € 1.49.

Quite frankly, and even if the upside potential is significant, we prefer to remain Neutral. Indeed, it is possible that we have not integrated all of the costs related to the reorganization made in H2. There may therefore be disappointment at this level. Thereafter, everything will be played 1 / on the ability to deliver growth and 2 / that it is profitable. On the first point, management is confident, which is justified by the continued development of ceramics in the USA and a basic effect which will be very favorable for both Egide SA and Santier.

Regarding profitability, this is the big unknown. Normally efforts have been made to be able to find it. We remain optimistic on this point for the moment, but the task is tough and now the right to make mistakes does not seem to be allowed.

Arnaud Riverain
+ 33 (0)1 76 70 35 34
ariverain@greensome-finance.com

NEUTRAL

2019 Sales

BPI Label – Innovative company- PEA-PME Eligible

TARGET **BEFORE**
€ 1.30 **€ 1.49**

PRICE (1.29.20) **POTENTIAL**
€ 0.91 **+43%**

CAPITALISATION **FLOTTANT**
€ 9.2m **€ 6.3m**

Ratios	2019e	2020e	2021e
EV/Sales	0,4	0,4	0,3
EV/EBIT	nr	9,6	6,5
P/E	nr	46,6	16,1
P/CF	-7,6	7,0	4,4
Dividend Yield	0,0	0,0	0,0

Data per share	2018	2019e	2020e	2021e
EPS	-0,29	-0,26	0,02	0,06
%Change	nr	nr	nr	1,89
FCF	-0,06	-0,19	0,06	0,13
%Change	nr	nr	nr	1,25
Dividend	0,00	0,00	0,00	0,00

Income Statement (€m)	2018	2019e	2020e	2021e
Net Sales	31,7	31,8	34,6	36,4
%Change	2,7%	0,2%	9,0%	5,0%
EBITDA	0,5	-0,1	2,0	2,5
% Sales	1,5%	-0,3%	5,7%	6,8%
EBIT	-1,5	-2,0	1,4	1,8
% Sales	-4,8%	-6,3%	3,9%	5,0%
Net Result	-2,3	-2,7	0,2	0,6
% Sales	-7,2%	-8,5%	0,6%	1,6%

Cash Flow Statement (€m)	2018	2019e	2020e	2021e
FCF	-0,5	-2,0	0,6	1,3
Net Debt	4,6	4,0	3,6	2,4
Shareholder Equity	11,0	10,7	10,9	11,5
Gearing	41,7%	38,0%	33,4%	21,1%
ROCE	-6,3%	-8,6%	6,0%	8,3%

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

Performances	2020	3m	6m	1 Year
Egide	8,1%	12,3%	-13,7%	-39,3%
CAC Small	-1,2%	6,5%	3,7%	4,0%
12 months Low-High	0,80	1,50		

Liquidity	2020	3m	6m	1 Year
Cumulative volume (000)	266	827	1 382	4 159
% of capital	2,6%	8,0%	13,4%	40,2%
% of Free Float	3,9%	12,0%	20,1%	60,3%
€ Million	0,2	0,7	1,3	4,4

Next Event 2019 Annual Result : enf of march

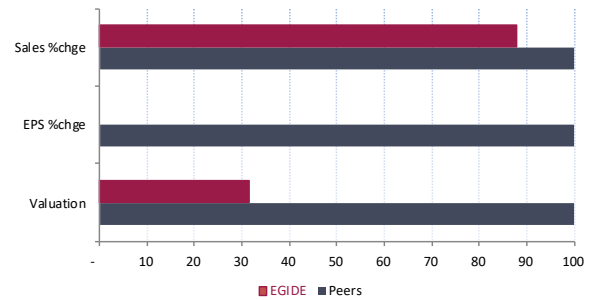
Snapshot Egide

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
12/12/2020	Contact	Neutral	€ 0.952	€ 1.49
9/27/2019	H1 resultats	Neutral	€ 0.928	€ 1.49
7/15/2019	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	31,8	34,6	36,4
Purchase	9,1	12,3	12,6	12,7	13,9	14,5
Externals costs	3,7	5,0	4,7	4,7	5,0	5,3
Personnals Costs	9,2	13,1	13,5	14,2	13,4	13,7
EBITDA	-0,2	0,0	0,5	-0,1	2,0	2,5
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	-2,0	1,4	1,8
Financial Result	-0,1	-0,8	-0,6	-0,6	-0,6	-0,6
Tax	0,0	-1,2	0,1	0,2	0,6	0,7
Net Result	-0,7	-0,4	-2,3	-2,7	0,2	0,6
Balance Sheet (€ m)	2016	2017	2018	2019e	2020e	2021e
Fixed Assets	5,7	9,1	8,3	7,9	7,1	6,1
Stock Inventories	3,8	6,3	6,5	6,2	6,7	7,1
Accounts Receivable	5,2	7,0	5,9	6,2	6,7	7,1
Other Currents Assests	0,2	0,3	0,3	0,4	0,5	0,5
Cash & Equivalents	1,1	3,0	2,4	2,9	3,5	4,7
TOTAL Assets	16,0	25,7	23,4	23,7	24,5	25,5
Shareholders' Equity	6,2	12,7	11,0	10,7	10,9	11,5
Provisions	0,5	0,7	0,7	0,7	0,8	0,8
Financial Debt	5,4	7,0	6,9	7,0	7,1	7,1
Accounts Payables	3,9	5,3	4,8	5,3	5,8	6,1
TOTAL Liabilities	16,0	25,7	23,4	23,7	24,5	25,5
Cash Flow Statements (€ m)	2016	2017	2018	2019e	2020e	2021e
Cash Flow from Operating Activities	-0,1	-0,5	-0,2	-1,7	2,0	2,5
Change in Net Working Capital	1,2	0,9	-0,7	-0,5	0,7	0,4
Cash Flow from Operations	-1,3	-1,4	0,4	-1,2	1,3	2,1
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	-0,1	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	0,5	0,6	1,3
RATIOS	2016	2017	2018	2019e	2020e	2021e
Ebitda Margin	-0,9%	0,1%	1,5%	-0,3%	5,7%	6,8%
EBIT Margin	-2,5%	-2,7%	-4,8%	-6,3%	3,9%	5,0%
Net Margin	-3,3%	-1,2%	-7,2%	-8,5%	0,6%	1,6%
ROE	-11,8%	-2,9%	-20,8%	-25,4%	1,9%	5,1%
ROCE	-3,4%	-3,1%	-6,3%	-8,6%	6,0%	8,3%
Gearing	69,2%	31,4%	41,7%	38,0%	33,4%	21,1%
FCF per share	-0,5	-0,3	-0,1	-0,2	0,1	0,1
EPS (€)	-0,2	0,0	-0,3	-0,3	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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