

EGIDE

Euronext C - FR0000072373 - GID

- ✓ 2019: year of return from the USA and reorganizations in France and at Santier
Stable € 31.8m turnover (-3.1% cer) - SA € 12.1m -15.9% / USA € 11.3m + 34.7% (+ 27.6% cer) / Santier € 8.4m -6.4% (-11.3% cer)
- ✓ Ebit € -2.3m (€ -2m expected) vs € -1.5m in 2018
- ✓ Net result € -2.8m (€ -2.7m expected) vs € -2.3m in 2018
- ✓ Gearing 76% / 46% estimated without IFRS 16 (38% expected without IFRS 16)

2019 is marked by the confirmation of the rise of ceramics in the USA which allows, among other things, Egide USA to post a growth of more than 30%. USA posted its highest level of activity since the telecom bubble. This increase is accompanied by a return to profitability with an operating margin of 1.7% (H1 0.3%, H2 3.2%). We have to go back to 2012 to see Egide USA with positive results.

Other highlights of 2019 include the reorganization launched at Egide SA which resulted in exceptional costs of around € 1m. The management decided to concentrate its teams on the Bollène site and to put itself in the configuration to be able to release Trappes, site on which were most of the administrative and commercial positions. Restated for the reorganization cost, Egide SA would have posted an Ebit of € -1.5m vs € -0.73m in 2018. Egide SA's breakeven point excluding reorganization costs is around € 13.5m vs € 15m in 2018.

For Santier, the situation deteriorated with an Ebit of € -0.08m vs € 0.4m for a turnover down 11.3% at constant exchange rate. In 2017, Santier generated turnover of € 8m for an Ebit of € 1.2m. Also, the decision was made to change his top management to have a new dynamic.

Ultimately, the 2019 results are close to our expectations. During our last comment we said that everything would be decided in 2020 "1 / on the capacity to deliver growth and 2 / that this one should be profitable". On the 1st point, the management was confident thanks in part due to the development of ceramics in the US and to a positive base effect which would be very favorable both for Egide SA and for Santier.

The Covid 19-induced pandemic is reshuffling the cards, even if Egide, in the light of management's speech, seems relatively unspoiled today. However, it should be borne in mind that for the moment the USA is little affected, but this should quickly change. It is unlikely that the group will be completely preserved because production rhythms are logically set to drop even if management claims to be "protected" due to its positioning on strategic markets. Moreover, even if "comparison is not right", following the 2008 crisis, Egide's activity had dropped by almost 30%. Afterwards, the "subprime" effect was felt over almost a year because we were facing a problem of access to liquidity, something which is very different this time. In addition, in 2009 Egide saw its activity fall sharply on its "civil" activities while now the profile of the group's clients is more "military" oriented. Also, the impact should be less and mainly concentrated on the end of Q1 and Q2. From Q3, unless the pandemic continues, the group should return to a "normal" rhythm.

Another uncertainty is the impact on the commercial efforts made over the past 18 months. We expected positive effects in 2020. The crisis we are going through will logically shift them and all this will have a cost.

What about our forecasts?

Unless you want to play sorcerer's apprentices, it is unreasonable to make the slightest assumption for the moment, even if the management confirms aiming for growth and an improvement in profitability helped by an order book amounting to € 34.8m. The 2009 scenario seems unlikely to us. The group will indeed benefit from the continued rise of HTTC in the USA. Also, if we want to remain "optimistic", Egide must be able to aim for stability with cost containment helped by the reorganization which came to an end at the end of 2019. These are between € 1.5M and € 2M immediately saved. This would then make a 2020 turnover of € 31.8M for an Ebit of € -0.8m.

Opinion & target price under review.

The market capitalization represents less than 60% of equity. The share is paid approximately 0.3x times its turnover vs on average 0.6x over the last 8 years. Although this seems very attractive, the current context leads us to review our opinion and target price that cannot model the short-term effects of the Covid 19 crisis.

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Under Review vs Neutral

2019 Net result

BPI Label – Innovative company- PEA-PME Eligible

TARGET
Under Review **BEFORE**
€ 1.30

PRICE (3.25.20) **POTENTIAL**
€ 0.66 **-**

CAPITALISATION **FLOTTANT**
€ 6.83m **€ 4.5m**

ESTIMATES UNDER REVIEW

Ratios	2019	2020e	2021e
EV/Sales	0,5	0,3	0,3
EV/EBIT	nr	48,4	18,5
P/E	nr	-27,3	44,7
P/CF	-7,3	-28,9	6,1
Dividend Yield	0,0	0,0	0,0

Data per share	2018	2019e	2020e	2021e
EPS	-0,29	-0,27	-0,02	0,01
%Change	nr	nr	nr	nr
FCF	-0,06	-0,22	-0,12	0,00
%Change	nr	nr	nr	nr
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%	0,1%	9,0%	5,0%
EBITDA	0,5	-0,3	1,4	1,9
% Sales	1,5%	-0,9%	4,0%	5,2%
EBIT	-1,5	-2,3	0,2	0,7
% Sales	-4,8%	-7,3%	0,7%	1,8%
Net Result	-2,3	-2,8	-0,3	0,2
% Sales	-7,2%	-8,9%	-0,7%	0,4%

Cash Flow Statement (€m)	2018	2019e	2020e	2021e
FCF	-0,5	-2,3	-1,3	0,0
Net Debt	4,6	8,0	5,3	5,2
Shareholder Equity	11,0	10,5	10,2	10,4
Gearing	41,7%	76,2%	51,5%	50,4%
ROCE	-6,3%	-8,1%	0,9%	2,3%

Shareholders	
Vatel Capital	19,2%
Sigma Gestion	13,2%
Ostrum AM	5,0%
J.F. Collins	0,9%
Free Float	61,8%

Performances	2020	3m	6m	1 Year
Egide	-21,6%	-25,2%	-28,3%	-45,7%
CAC Small	-30,2%	-29,8%	-24,4%	-24,6%
12 months Low-High	0,41	1,25		

Liquidity	2020	3m	6m	1 Year
Cumulative volume (000)	1 016	1 148	1 855	4 999
% of capital	9,8%	11,1%	17,9%	48,3%
% of Free Float	14,7%	16,7%	26,9%	72,5%
€ Million	0,8	0,9	1,5	5,1

Next Event H1 Sales : 23th of July

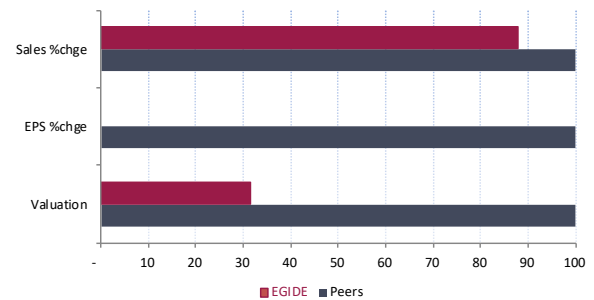
Snapshot Egid

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
1/29/2020	2019 Sales	Neutral	€ 0.91	€ 1.3
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

Financial Data

Income Statement (€ m)	2016	2017	2018	2019	2020e	2021e
Revenues	22,2	30,9	31,7	31,8	34,6	36,4
Purchase	9,1	12,3	12,6	13,2	14,4	15,1
Externals costs	3,7	5,0	4,7	4,8	5,0	5,3
Personnals Costs	9,2	13,1	13,5	13,7	13,4	13,7
EBITDA	-0,2	0,0	0,5	-0,3	1,4	1,9
Amortization	0,7	1,0	1,8	1,3	0,9	1,0
other	0,3	0,1	-0,2	-0,7	0,2	0,2
EBIT	-0,6	-0,8	-1,5	-2,3	0,2	0,7
Financial Result	-0,1	-0,8	-0,6	-0,5	-0,5	-0,5
Tax	0,0	-1,2	0,1	0,0	0,0	0,0
Net Result	-0,7	-0,4	-2,3	-2,8	-0,3	0,2
Balance Sheet (€ m)	2016	2017	2018	2019	2020e	2021e
Fixed Assets	5,7	9,1	8,3	11,7	10,0	9,7
Stock Inventories	3,8	6,3	6,5	7,5	7,7	8,1
Accounts Receivable	5,2	7,0	5,9	5,8	6,7	7,1
Other Currents Assests	0,2	0,3	0,3	0,2	0,3	0,3
Cash & Equivalents	1,1	3,0	2,4	1,5	-3,6	-3,6
TOTAL Assets	16,0	25,7	23,4	26,5	21,2	21,6
Shareholders' Equity	6,2	12,7	11,0	10,5	10,2	10,4
Provisions	0,5	0,7	0,7	0,8	0,9	0,9
Financial Debt	5,4	7,0	6,9	6,3	1,7	1,6
Accounts Payables	3,9	5,3	4,8	5,8	5,8	6,1
TOTAL Liabilities	16,0	25,7	23,4	26,5	21,2	21,6
Cash Flow Statements (€ m)	2016	2017	2018	2019	2020e	2021e
Cash Flow from Operating Activities	-0,1	-0,5	-0,2	-1,3	1,1	1,6
Change in Net Working Capital	1,2	0,9	0,7	0,4	1,3	0,4
Cash Flow from Operations	-1,3	-1,4	0,4	-0,9	-0,2	1,1
Cash Flow from Investing	-1,0	-6,2	-0,9	-1,4	-1,0	-1,1
Capital Increase	0,0	7,7	0,0	2,4	0,0	0,0
Funding Flow	0,6	2,2	0,8	0,6	-3,7	-0,1
Cash Flow from Financing	0,6	9,6	-0,2	1,4	-3,7	-0,1
Net Change in cash position	-1,7	2,0	-0,6	-0,9	-5,0	-0,1
RATIOS	2016	2017	2018	2019	2020e	2021e
Ebitda Margin	-0,9%	0,1%	1,5%	-0,9%	4,0%	5,2%
EBIT Margin	-2,5%	-2,7%	-4,8%	-7,3%	0,7%	1,8%
Net Margin	-3,3%	-1,2%	-7,2%	-8,9%	-0,7%	0,4%
ROE	-11,8%	-2,9%	-20,8%	-26,9%	-2,5%	1,5%
ROCE	-3,4%	-3,1%	-6,3%	-8,1%	0,9%	2,3%
Gearing	69,2%	31,4%	41,7%	76,2%	51,5%	50,4%
FCF per share	-0,5	-0,3	-0,1	-0,2	-0,1	0,0
EPS (€)	-0,2	0,0	-0,3	-0,3	0,0	0,0
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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