

## EGIDE

Euronext C - FR0000072373 – GID

### ✓ Distribution agreement in Russia & "confirmed" confidence

A little over a year after announcing that it had signed commercial representation agreements for Central Europe (Germany, Switzerland, etc.) and China, Egide is continuing its commercial network by signing a distribution agreement in Russia with the SD Solutions company.

To date, thanks to agreements signed with a dozen representatives, the group is present in Northern Europe (UK, Scandinavia, etc.), Central Europe (Germany, Switzerland, etc.), Asia (China, India, South Korea, etc.), in Italy and Turkey. To this is naturally added directly France and the USA.

The strategy put in place and / or deepened by Vincent Courty, the Vice-President of World Sales who arrived in mid-2018, is to position oneself in niches with high added value but also in mid-range production so as to better amortize the tool of production and in particular that of Bollène.

The latest agreement to address Russia should strengthen its position in the space segment. Beyond Russia, we could observe a recovery in this sector in part thanks to the Coronavirus. In fact, the president of Airbus Defense & Space recently mentioned space as a cushion for the Covid-induced crisis. In addition, at the end of 2019, the ESA (European Space Agency) had released a record budget of € 14.4 billion over 5 years. Egide being historically present in the space & defense, the support of this sector by the states is a significant opportunity.

In terms of civil activities, Telecom could come back to the fore with China. Indeed, even if the deployment of 5G is causing some controversy in Europe, it is quite another thing in China. A representative of the Chinese Ministry of Industry and Information Technology said that the 3 main operators had already erected more than 250,000 5G antennas and that by the end of the year they were expecting a total of 600,000. It is estimated that nearly € 23 billion will be invested this year in 5G in China, 4 times more than in 2019. The demand is such that there may be capacity problems. Egide intends to position itself on "complex" products. Growing demand should push major players to qualify new sources, which is why the group has been in demand on this market for several months. The idea is not to go into mass production that is not very profitable and difficult to absorb by the current industrial tool, but to go for products with high added value in medium volume.

To sum up, to date, Egide believes that it has sufficient commercial space to address the markets in which its products can arouse interest. The Covid has naturally slowed down exchanges, but for management it has also been a way of better positioning and better "managing" its relationship with its representatives. It is therefore relatively optimistic about the conclusion of contracts with new players in the next 12 months, contracts expected to lead to production start-ups by mid-2021.

On the impacts of the Covid. During our last point, the management is relatively calm due to its presence in key sectors and therefore "partly" protected. Europe will certainly slow down more than the USA due to the establishment of partial activity in order to respond to the personal situations of its employees but production continuity has always been ensured. Management also confirms that capacities have returned to near normal today. In the USA the situation is different because there has been no total containment. Also, the recovery will certainly be faster there. It therefore appears that our skepticism, in particular regarding the group's ability to "absorb" the effects of the Covid, was exaggerated. We said that it seemed difficult for Egide to be little affected. Our opinion is now much less clear cut. In this, the Q2 will be a good indicator of the group's ability to absorb such exceptional exogenous events. We will publish new estimates following the publication of Q2.

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## Under Review

### Conference Call

BPI Label – Innovative company- PEA-PME Eligible

**TARGET** **BEFORE**  
**Under Review** **Under Review**

**PRICE** (6.9.20) **POTENTIAL**  
**€ 0.912** **-**

**CAPITALISATION** **FLOTTANT**  
**€ 9.44m** **€ 6m**

### ESTIMATES UNDER REVIEW

Ratios	2019	2020e	2021e
EV/Sales	0,6	0,5	0,5
EV/EBIT	nr	47,4	22,3
P/E	nr	-68,9	35,2
P/CF	-7,1	23,3	8,0
Dividend Yield	0,0	0,0	0,0

Data per share	2018	2019e	2020e	2021e
EPS	-0,29	-0,27	-0,01	0,03
%Change	nr	nr	nr	nr
FCF	-0,06	-0,21	-0,06	0,01
%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	-0,2	1,4	1,9
% Sales	1,5%	-0,7%	4,1%	5,3%
EBIT	-1,5	-2,2	0,4	0,8
% Sales	-4,8%	-6,9%	1,0%	2,1%
Net Result	-2,3	-2,8	-0,1	0,3
% Sales	-7,2%	-8,9%	-0,4%	0,7%

Cash Flow Statement (€m)	2018	2019e	2020e	2021e
FCF	-0,5	-2,2	-0,6	0,1
Net Debt	4,6	8,6	7,8	7,7
Shareholder Equity	11,0	10,4	10,2	10,5
Gearing	41,7%	82,5%	75,7%	73,0%
ROCE	-6,3%	-7,3%	1,2%	2,6%

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	10,2%	46,4%	-1,5%	-9,9%
CAC Small	-15,1%	5,7%	-11,1%	-12,2%
12 months Low-High	0,61	1,16		

Liquidity	2020	3m	6m	1 Year
Cumulative volume (000)	3 665	2 858	3 886	5 533
% of capital	35,4%	27,6%	37,6%	53,5%
% of Free Float	53,2%	41,5%	56,4%	80,3%
€ Million	3,0	2,4	3,2	4,9

**Next Event** H1 Sales : 23th of July

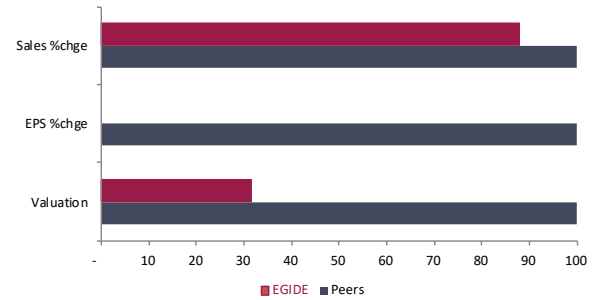
## Snapshot Egide

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
3/27/2020	Conf. Call	Under Review	€ 0.634	Under Review
3/26/2020	2019 Annual Results	Under Review	€ 0.66	Under Review
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

## Financial Data – Estimates under review

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	13,1	14,3	15,0
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	-0,2	1,4	1,9
Amortization	0,7	1,0	1,8	1,4	0,9	1,0
other	0,3	0,1	-0,2	-0,5	0,2	0,2
EBIT	-0,6	-0,8	-1,5	-2,2	0,4	0,8
Financial Result	-0,1	-0,8	-0,6	-0,6	-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	-0,1	0,3

Balance Sheet (€ m)	2016	2017	2018	2019	2020e	2021e
Fixed Assets	5,7	9,1	8,3	11,6	9,9	9,7
Stock Inventories	3,8	6,3	6,5	7,5	7,7	8,1
Accounts Receivable	5,2	7,0	5,9	6,5	6,7	7,1
Other Currents Assets	0,2	0,3	0,3	0,2	0,3	0,3
Cash & Equivalents	1,1	3,0	2,4	1,5	2,2	2,2
TOTAL Assets	16,0	25,7	23,4	27,2	26,8	27,3
Shareholders' Equity	6,2	12,7	11,0	10,4	10,2	10,5
Provisions	0,5	0,7	0,7	0,8	0,9	0,9
Financial Debt	5,4	7,0	6,9	6,9	6,8	6,7
Accounts Payables	3,9	5,3	4,8	5,9	5,8	6,1
TOTAL Liabilities	16,0	25,7	23,4	27,2	26,8	27,3

Cash Flow Statements (€ m)	2016	2017	2018	2019	2020e	2021e
Cash Flow from Operating Activities	-0,1	-0,5	-0,2	-1,1	1,1	1,6
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	-1,3	0,4	1,2
Cash Flow from Investing	-1,0	-6,2	-0,9	-0,9	-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	1,3	-0,1
Cash Flow from Financing	0,6	9,6	-0,2	1,3	1,3	-0,1
Net Change in cash position	-1,7	2,0	-0,6	-0,9	0,7	0,0

RATIOS	2016	2017	2018	2019	2020e	2021e
Ebitda Margin	-0,9%	0,1%	1,5%	-0,7%	4,1%	5,3%
EBIT Margin	-2,5%	-2,7%	-4,8%	-6,9%	1,0%	2,1%
Net Margin	-3,3%	-1,2%	-7,2%	-8,9%	-0,4%	0,7%
ROE	-11,8%	-2,9%	-20,8%	-27,1%	-1,3%	2,6%
ROCE	-3,4%	-3,1%	-6,3%	-7,3%	1,3%	2,7%
Gearing	69,2%	31,4%	41,7%	82,5%	75,7%	73,0%
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%

## Rating Definition

BUY	NEUTRAL	SELL
Upside > +10%	-10% < Upside < +10%	Upside < -10%

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