

EGIDE

Euronext C - FR0000072373 – GID

- ✓ Improvement at all levels
- ✓ H1 turnover + 16.1%, Ebitda € 1.1m (margin 6.6%) of which € 0.69k linked to the Paycheck Protection Plan vs - € 0.16m in H1 2019, Ebit € 0.52m vs - € 1.5m in H1 2019, Net result - € 0.22m vs - € 1.8m
- ✓ Fiscal year 2020 which should be profitable

Results have improved significantly for all of the group's entities and especially in the USA. Egide USA, whose activity grew by 21% to € 6m, posted operating income of € 1m (margin of 16.5%). Restated from the PPP, which is an American plan put in place to avoid layoffs, the result would have been € 0.31m, a margin of 5.1%, a level that has not been reached since 2012.

Santier, whose activity grew 10.7% to € 5m, returned to profitability with a margin of 4.4% to € 0.22m after 3 consecutive semesters of losses.

Egide SA, which posted growth of 16.4% to € 6.3m, significantly reduced its losses to € 0.7m vs. € 1.5m in H1 2019. To have a clear reading, we need to restate in H1 2019 the provisions made for the reorganization carried out for approximately € 0.8m and restate in H1 2020 the costs of listing on the stock market that should have been allocated to each entity. Also, Egide SA posted H1 2020 of around - € 0.57m while H1 2019 would have been - € 0.77m. Compared to H1 2019, Egide SA suffered from a 2% drop in its gross margin linked to the use of subcontracting as well as an unfavorable product mix. These elements, associated with the difficulties in managing teams during the containment phase, explain the reduced leverage effect.

It emerges from this H1 that for US entities, when the volume of business is there, the leverage effect on margins is quickly felt. For France, the inertia is greater but the first effects of the reorganization carried out in 2019 seem to be starting. Ultimately, the results of this H1 are higher than our expectations.

What to expect in H2?

Management indicates that its customers are always present but that it is always difficult to establish a trend by the context. In addition, Egide USA suffered a fire in its factory in early July resulting in heavy damage to the surface treatment workshop and the roof. Although this fire is covered by insurance and an initial envelope of \$ 3m has already been released, this has significant consequences on the activity despite the help provided by Santier and Egide SA. It should not be until November that Egide USA will be able to resume "normal" activity. Also, this element associated with the uncertainties related to Covid should induce a significant drop in activity. Returning to a level close to € 3.5m in H2, a level observed in 2017, can be envisaged, while Santier and Egide SA should slow down under the effect of the covid.

In terms of results, the exogenous events will be favorable to the group. Santier will take advantage of the switch from its PPP to a subsidy, which represents nearly € 700k. For Egide USA, insurance should largely compensate for the shortfall caused by the consequences of the fire.

These elements lead us to now aim for a 2020e turnover of € 31.2m vs. € 31.8m (downward correction on USA but upward adjustment on Santier and SA). On the other hand, we have clearly raised our EBIT target to € 1.76m vs. € 0.36m (PPP & insurance effect).

And 2021?

Management is cautious of the lack of clear signals while aiming for slight growth. Indeed, the commercial procedures having been greatly reduced under the effect of covid-19, this necessarily has repercussions. In addition, the damage suffered within Egide USA and therefore the resulting delays in deliveries may lead some customers to call on other service providers.

Conclusion.

Although the financial year 2020 is set to be a year with many disruptive elements, there are positive signals both in terms of activity and the ability to recover profitability. The group seems to be going in the right direction, it just takes more patience.

Opinion & target price

We confirm our target price of € 1.34 and therefore our Buy opinion.

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BUY

H1 Net result

BPI Label – Innovative company- PEA-PME Eligible

TARGET **BEFORE**
€ 1.34 **€ 1.34**

SHARE PRICE (9.29.20) **POTENTIAL**
€ 0.76 **+ 69.6%**

CAPITALISATION **FLOTTANT**
€ 8.17m **€ 5.44m**

Ratios	2020e	2021e	2022e
EV/Sales	0,4	0,4	0,4
EV/EBIT	7,7	35,8	15,2
P/E	6,5	-70,8	20,7
P/CF	3,0	10,8	6,7
Dividend Yield	0,0	0,0	0,0

Data per share	2019	2020e	2021e	2022e
EPS	-0,27	0,12	-0,01	0,04
%Change	nr	nr	nr	-4,42
FCF	-0,21	0,17	-0,02	0,02
%Change	nr	nr	nr	-1,70
Dividend	0,00	0,00	0,00	0,00

Income Statement (€m)	2019	2020e	2021e	2022e
Net Sales	31,8	31,1	32,9	35,2
%Change	0,1%	-2,1%	5,6%	7,1%
EBITDA	-0,2	3,0	1,7	2,3
% Sales	-0,7%	9,7%	5,2%	6,6%
EBIT	-2,2	1,8	0,4	0,9
% Sales	-6,9%	5,7%	1,2%	2,5%
Net Result	-2,8	1,3	-0,1	0,4
% Sales	-8,9%	4,1%	-0,4%	1,1%

Cash Flow Statement (€m)	2019	2020e	2021e	2022e
FCF	-2,2	1,8	-0,2	0,2
Net Debt	8,6	5,4	5,6	5,4
Shareholder Equity	10,4	11,6	11,5	11,9
Gearing	82,5%	46,0%	48,4%	45,5%
ROCE	-7,3%	6,6%	1,4%	3,3%

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	-6,2%	-6,8%	23,4%	-16,7%
CAC Small	-14,8%	1,8%	23,5%	-7,7%
12 months Low-High	0,41	1,12		

Liquidity	2020	3m	6m	1 Year
Cumulative volume (000)	5 635	1 729	4 532	6 423
% of capital	54,5%	16,7%	43,8%	62,1%
% of Free Float	81,8%	25,1%	65,8%	93,2%
€ Million	4,7	1,3	3,9	5,4

Next Event 2020 Sales : January 26

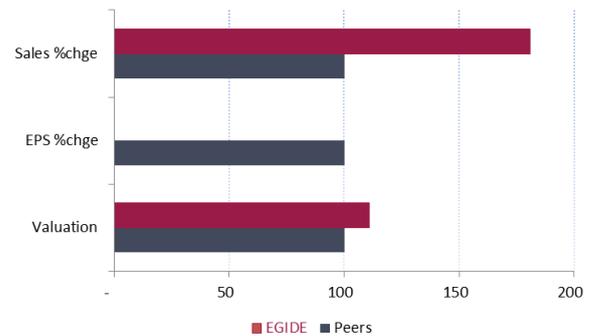
Snapshot Egide

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
7/24/20	H1 Sales	Buy	€ 0.76	€ 1.34
7/10/20	Company contact	Under Review	€ 0.912	
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

Financial Data

Income Statement (€ m)	2017	2018	2019	2020e	2021e	2022e
Revenues	30,9	31,7	31,8	31,1	32,9	35,2
Purchase	12,3	12,6	13,1	12,8	13,4	14,1
Externals costs	5,0	4,7	4,8	4,5	4,6	5,1
Personnals Costs	13,1	13,5	13,7	12,7	12,9	13,4
EBITDA	0,0	0,5	-0,2	3,0	1,7	2,3
Amortization	1,0	1,8	1,4	0,9	0,9	1,0
other	0,1	-0,2	-0,5	2,3	0,2	0,2
EBIT	-0,8	-1,5	-2,2	1,8	0,4	0,9
Financial Result	-0,8	-0,6	-0,6	-0,5	-0,5	-0,5
Tax	-1,2	0,1	0,0	0,0	0,0	0,0
Net Result	-0,4	-2,3	-2,8	1,3	-0,1	0,4
Balance Sheet (€ m)	2017	2018	2019	2020e	2021e	2022e
Fixed Assets	9,1	8,3	11,6	9,7	9,6	9,3
Stock Inventories	6,3	6,5	7,5	6,9	7,3	7,8
Accounts Receivable	7,0	5,9	6,5	6,1	6,4	6,8
Other Currents Assests	0,3	0,3	0,2	0,3	0,3	0,3
Cash & Equivalents	3,0	2,4	1,5	4,6	4,2	4,3
TOTAL Assests	25,7	23,4	27,2	27,5	27,8	28,5
Shareholders' Equity	12,7	11,0	10,4	11,6	11,5	11,9
Provisions	0,7	0,7	0,8	0,8	0,8	0,9
Financial Debt	7,0	6,9	6,9	6,8	6,7	6,6
Accounts Payables	5,3	4,8	5,9	5,2	5,5	5,9
TOTAL Liabilitites	25,7	23,4	27,2	27,5	27,8	28,5
Cash Flow Statements (€ m)	2017	2018	2019	2020e	2021e	2022e
Cash Flow from Operating Activities	-0,5	-0,2	-1,1	2,5	1,2	1,8
Change in Net Working Capital	0,9	-0,7	0,2	-0,2	0,5	0,6
Cash Flow from Operations	-1,4	0,4	-1,3	2,7	0,8	1,2
Cash Flow from Investing	-6,2	-0,9	-0,9	-0,9	-1,0	-1,1
Capital Increase	7,7	0,0	2,4	0,0	0,0	0,0
Funding Flow	2,2	0,8	0,6	1,3	-0,1	1,9
Cash Flow from Financing	9,6	-0,2	1,3	1,3	-0,1	-0,1
Net Change in cash position	2,0	-0,6	-0,9	3,1	-0,3	0,1
RATIOS	2017	2018	2019	2020e	2021e	2022e
Ebitda Margin	0,1%	1,5%	-0,7%	9,7%	5,2%	6,6%
EBIT Margin	-2,7%	-4,8%	-6,9%	5,7%	1,2%	2,5%
Net Margin	-1,2%	-7,2%	-8,9%	4,1%	-0,4%	1,1%
ROE	-2,9%	-20,8%	-27,1%	10,9%	-1,0%	3,3%
ROCE	-3,1%	-6,3%	-7,3%	6,6%	1,4%	3,3%
Gearing	31,4%	41,7%	82,5%	46,0%	48,4%	45,5%
FCF per share	-0,3	-0,1	-0,2	0,2	0,0	0,0
EPS (€)	0,0	-0,3	-0,3	0,1	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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NO	NO	YES	YES	NO	NO

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