

EGIDE

Euronext C - FR0000072373 – GID

- ✓ New physiognomy for Egidé?
- ✓ Operating profit higher than our expectations: € 1.97m vs € -2.2m in 2019 (€ 1.5m expected);
- ✓ Online net income: € 0.98m vs € 2.8m in 2019 (€ 1m expected);
- ✓ Gearing 73% vs. 83% in 2019 (49% excluding IFRS16 vs. 52.3%).

Egidé's business was little affected by the effects of covid due to its industry. As proof, its order book for 2021 is identical to that of early 2020.

However, exogenous elements make reading the accounts delicate of Egidé USA and, to a lesser extent, of Santier. First, the loans related to the Paycheck Protection Plan were turned into grants for \$ 1.6m. Added to this is insurance coverage for damage suffered during the Cambridge fire (Egidé USA), which resulted in the release of € 1.9m from other products. In return, asset write-downs had to be taken into account for \$ 1.2m. "Finally, the fire also had consequences on the activity with a turnover that could not be achieved and additional costs linked to the subcontracting of surface treatments. All operating losses were covered up to \$ 1.85 million which are presented less external charges. "

Also, **for the USA**, H1 can be considered "normal" with all the necessary caution. Egidé USA posted an operating margin of 5.1% excluding PPP and Santier of 4.4%. In H2, Egidé USA's profitability rose to 67% (€ 1.4 million) but this includes insurance compensation. As for Santier, the margin is 0.6%. Over the year, Egidé USA posted an operating profit of € 2.4m in line with our expectations vs. € 0.14m in 2019. Santier achieved a profit of € 0.24m vs € -0.08m in 2019 (€ 0.4 million expected).

Regarding **Egidé SA**, reading is easier. The French entity only benefited from the effects of partial unemployment for € 56,000, reduction reclassified as subsidies. Egidé SA has seen its balances evolve in the right direction with an annual Ebit of € -0.66m but above all the switch to positive results in H2 with an Ebit of + € 38k (turnover € 7.2m +6.6 %) vs. € - 699k in H1 (turnover € 6.3m + 16.4%). This is the first time that the French entity has been profitable since 2012. Ultimately, Egidé SA achieves an annual operating profit of € -0.66m vs. € - 2.35m in 2019 (€ - 1.34m expected). There has been an improvement in all workstations which is the result of work to optimize the structure that began almost 18-24 months ago. The signal we are waiting for on the capacity of Egidé SA to self-finance its investments is becoming clearer.

In terms of cash flow. Free cash flow is € 0.57m vs € -2.2m in 2019; Financing flows came out at € -0.56m and the change in cash flow at € - 56k vs. € -0.9m in 2019. The group thus has stable cash, knowing that a new EMP of € 500k was granted in January 2021, which will make it possible to modernize certain industrial tools within Bollène. Net financial debt excluding rent improved to € -5.17m vs. € -5.43m.

Outlook

Egidé USA will benefit from an updated tool which should help to be more competitive in terms of product types and prices. Egidé SA's charges have improved significantly, which is perhaps one of the keys to 2021. Indeed, if management manages to continue lowering the breakeven point, this should enable it to position itself in markets where Egidé SA will be competitive in terms of costs. These elements, associated with the very favorable base effect of H2 in the USA for Cambridge, probably justify the management's discourse which suggests significant growth for 2021. By this we mean double-digit growth. Also, in 2021 the turnover could approach our 2022 expectations and if we reasoning correctly, the operational profitability achieved.

Conclusion.

We asked ourselves the question of the group's ability to seek growth and questioned its commercial skills and even its ability to find a market. The problem is probably more complex. To find a market, you have to know how to offer products at the right price and be profitable. Also, perhaps the historical evil of the group was this ability to offer these products. The fact that the French structure is seeing its costs improve should make it possible to address the market with suitable products, i.e. meeting demand while generating margins for Egidé. If this is the case, the image of an R&D laboratory that Egidé SA could have could radically change. More generally, despite the context, the group seems to show that it has evolved. As proof, since 2011, the French entity has not been profitable and finally becomes so in H2 2020 in a very degraded economic context. The challenge for 2021 is to confirm this.

Opinion & price target

The upward revision of our forecasts and the lowering of our risk premium in the DCF approach induce a new price target of € 1.74 vs. € 1.34. We therefore confirm our Buy opinion.

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BUY

2020 Annual Results + contact

BPI Label – Innovative company- PEA-PME Eligible

TARGET **BEFORE**
€ 1.74 **€ 1.34**

SHARE PRICE (3.30.21) **POTENTIAL**
€ 1.18 **+ 47.5%**

CAPITALISATION **FLOTTANT**
€ 12.2m **€ 8.4m**

Ratios	2020	2021e	2022e
EV/Sales	0,7	0,6	0,5
EV/EBIT	-40,3	53,5	20,6
P/E	12,4	-51,3	38,9
P/CF	3,6	7,6	9,0
Dividend Yield	0,0	0,0	0,0

Data per share	2019	2020	2021e	2022e
EPS	-0,27	0,10	-0,02	0,03
%Change	nr	nr	nr	-2,32
FCF	-0,21	0,05	0,06	0,03
%Change	nr	nr	nr	-0,53
Dividend	0,00	0,00	0,00	0,00

Income Statement (€m)	2019	2020	2021e	2022e
Net Sales	31,8	30,0	33,5	36,0
%Change	0,1%	-5,7%	11,9%	7,4%
EBIT	-1,9	-0,5	0,4	0,9
% Sales	-5,9%	-1,6%	1,1%	2,5%
Operational Result	-2,2	2,0	0,4	0,9
% Sales	-5,9%	-1,6%	1,1%	2,5%
Net Result	-2,8	1,0	-0,2	0,3
% Sales	-8,9%	3,3%	-0,7%	0,9%

Cash Flow Statement (€m)	2019	2020	2021e	2022e
FCF	-2,2	0,6	0,6	0,3
Net Debt	8,6	7,7	6,7	6,4
Shareholder Equity	10,4	10,6	10,3	10,6
Gearing	82,5%	72,9%	65,1%	60,5%
ROCE	-6,3%	-1,7%	1,3%	3,4%

Shareholders	
Vatel Capital	19,2%
Sigma Gestion	6,0%
Ostrum AM	5,0%
J.F. Collins	0,9%
Free Float	69,0%

Performances	2021	3m	6m	1 Year
Egidé	0,0%	3,6%	49,4%	82,0%
CAC Small	11,5%	12,4%	38,7%	73,4%
12 months Low-High	0,60	1,30		

Liquidity	2021	3m	6m	1 Year
Cumulative volume (000)	5 018	5 070	11 744	16 447
% of capital	48,5%	49,0%	113,5%	159,0%
% of Free Float	70,3%	71,0%	164,5%	230,4%
€ Million	5,5	5,6	12,6	16,6

Next Event Sales H1 : July, 23

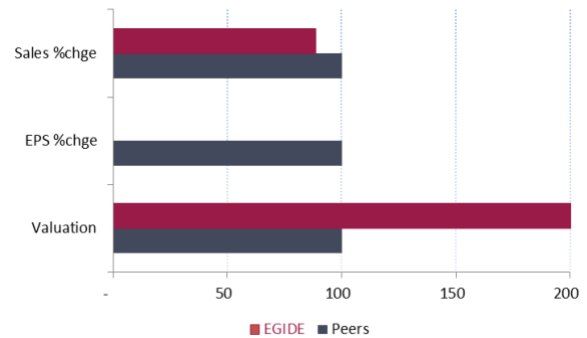
Snapshot Egide

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	Price Target
1/26/21	Sales 2020	Buy	€ 1.125	€ 1.34
9/30/20	H1 Results	Buy	€ 0.76	€ 1.34
7/24/20	H1 Sales	Buy	€ 0.76	€ 1.34
7/10/20	Company contact	Under Review	€ 0.912	Under Review
3/27/2020	Conf. Call	Under Review	€ 0.634	Under Review
3/26/2020	2019 Annual Results	Under Review	€ 0.66	Under Review

Financial Data

Income Statement (€ m)	2017	2018	2019	2020	2021e	2022e
Revenues	30,9	31,7	31,8	30,0	33,5	36,0
Purchase	12,3	12,6	13,1	11,6	13,7	14,4
Externals costs	5,0	4,7	4,8	3,3	4,7	5,2
Personnals Costs	13,1	13,5	13,7	13,6	13,1	13,6
EBITDA	0,0	0,5	-0,2	1,1	2,0	2,6
Amortization	1,0	1,8	1,4	1,6	1,2	1,3
other	0,1	-0,2	-0,2	-0,1	0,2	0,2
EBIT	-0,8	-1,5	-1,9	-0,5	0,4	0,9
Operationnal Result	-0,8	-1,5	-2,2	2,0	0,4	0,9
Financial Result	-0,8	-0,6	-0,6	-0,6	-0,6	-0,6
Tax	-1,2	0,1	0,0	-0,4	0,0	0,0
Net Result	-0,4	-2,3	-2,8	1,0	-0,2	0,3
Balance Sheet (€ m)	2017	2018	2019	2020	2021e	2022e
Fixed Assets	9,1	8,3	11,6	10,0	9,0	8,5
Stock Inventories	6,3	6,5	7,5	8,1	8,4	9,0
Accounts Receivable	7,0	5,9	6,5	5,0	6,5	7,0
Other Currents Assests	0,3	0,3	0,2	3,2	0,5	0,5
Cash & Equivalents	3,0	2,4	1,5	1,4	2,3	2,5
TOTAL Assets	25,7	23,4	27,2	27,8	26,7	27,4
Shareholders' Equity	12,7	11,0	10,4	10,6	10,3	10,6
Provisions	0,7	0,7	0,8	0,8	0,8	0,9
Financial Debt	7,0	6,9	6,9	6,6	6,5	6,4
Accounts Payables	5,3	4,8	5,9	7,2	6,5	7,0
TOTAL Liabilitites	25,7	23,4	27,2	27,8	26,7	27,4
Cash Flow Statements (€ m)	2017	2018	2019	2020	2021e	2022e
Cash Flow from Operating Activities	-0,5	-0,2	-1,1	4,5	1,4	2,0
Change in Net Working Capital	0,9	-0,7	0,2	1,1	-0,2	0,7
Cash Flow from Operations	-1,4	0,4	-1,3	3,4	1,6	1,4
Cash Flow from Investing	-6,2	-0,9	-0,9	-2,9	-1,0	-1,1
Capital Increase	7,7	0,0	2,4	0,0	0,0	0,0
Funding Flow	2,2	0,8	0,2	0,3	0,3	-0,1
Cash Flow from Financing	9,6	0,4	1,3	-0,6	0,3	-0,1
Net Change in cash position	2,0	-0,6	-0,9	-0,1	0,9	0,2
RATIOS	2017	2018	2019	2020	2021e	2022e
Ebitda Margin	0,1%	1,5%	-0,7%	3,5%	5,8%	7,3%
EBIT Margin	-2,7%	-4,8%	-5,9%	-1,6%	1,1%	2,5%
Net Margin	-1,2%	-7,2%	-8,9%	3,3%	-0,7%	0,9%
ROE	-2,9%	-20,8%	-27,1%	9,3%	-2,3%	2,9%
ROCE	-3,1%	-6,3%	-6,3%	-1,7%	1,3%	3,4%
Gearing	31,4%	41,7%	82,5%	72,9%	65,1%	60,5%
FCF per share	-0,3	-0,1	-0,2	0,1	0,1	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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