

EGIDE

Euronext C - FR0000072373 – GID

- ✓ **"The Great Resignation*" disturbs the game**
- ✓ 2021 revenue +8.5% to €32.5m vs €33.2m expected
 - o Egid SA €14.2m +5.7% (€13.7m expected)
 - o Santier €8m -4.7% (-1.1% in dollars) in line
 - o Cambridge (Egide USA) €10.3m +26.8% / +31.8% in dollars (€11.4m expected).
- ✓ Order book of €22 million.

Management was counting on an H2 equivalent to H1, which would have made it possible to post an annual turnover of €33.2 million. This was without counting on one of the consequences of the Covid, the difficulty of finding the appropriate skills in the USA. It is thus between 10 and 15% of the workforce that has been missing since the resumption of production.

In addition to the need to revise salaries upwards, Egide found itself confronted with the absence of staff due to 1/ the continuation of aid measures for employees and the unemployed (sick leave for infected people of up to 2 weeks of paid leave, weekly financial aid for the unemployed, etc.) and 2/ the rise in low wages in many sectors, which intensifies competition between companies. In a more "philosophical" way, Egide faces what Anthony C. Klotz*, professor of management at Texas A&M University, calls "The Great Resignation*" (*source Les Echos).

From then on, the USA noticed a production delay of about 1 month, which is more or less the lag observed compared to our expectation. On the other hand, according to management, this tension has not yet had any repercussions for customers.

Cambridge thus ended the year with sales of €10.3 million, up 27% (+31.8% in dollars). In H2, approximately €1 million was missing, corresponding to the month of delay, to return to a level of half-year activity of more than €6 million, as expected. Nevertheless, the order book has expanded with, for example, almost \$1 million already replenished for HTCC ceramics despite 1/ the price increases induced by wage pressure and 2/ the rise in the cost of raw materials. Also, we can be confident for the continuation of growth in 2022, knowing that the wage problem will be present for several more months.

Santier posted annual sales of €8 million, down -4.7% and was almost stable in dollars. Without the difficulties related to personnel, Santier would have posted a turnover higher than our expectations. Nevertheless, as we have already mentioned, we can see that the group is struggling to find new outlets. We bet that in 2022 a reflection on its strategic orientation will be fully carried out, but as it stands corrective measures are necessary because the current level should not allow results to be posted in the green.

Egide SA ends at €14.2 million (+5.7%). As expected, H2 is down (-3.8%) due to an unfavorable base effect linked to an exceptional contract recorded in H2 2020. Nevertheless, sales are €500K above our expectations. On this basis and because of the work done to lower the breakeven point, Egide SA should post positive results and this time without "exceptional".

Conclusion

With a modernized industrial tool, a client portfolio that is beginning to expand and an order book offering some visibility, Egide must be able to guarantee growth and improved results in 2022.

H2 will have to be monitored because it is over this period that we should really measure whether all the investments made are bearing fruit, especially since the difficulties in rebuilding the teams should fade by then.

Opinion & price target.

We are revising our target price downwards to €1.78 vs. €1.85 mainly due to the drop in peers (DCF €1.87 vs. €1.89 / peers €1.7 versus €1.83).

Buy opinion confirmed.

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BUY

Sales 2021 + Contact

BPI Label – Innovative company- PEA-PME Eligible

TARGET **BEFORE**
€ 1.78 **€ 1.85**

SHARE PRICE (1.25.22) **POTENTIAL**
€ 1.595 **+ 12%**

CAPITALISATION **FLOTTANT**
€ 16.5m **€ 13.7m**

Ratios	2021e	2022e	2023e
EV/Sales	0,7	0,6	0,6
EV/EBIT	-9,8	32,2	17,0
P/E	123,7	168,8	23,8
P/CF	9,8	6,7	17,5
Dividend Yield	0,0	0,0	0,0

Data per share	2020	2021e	2022e	2023e
EPS	0,10	0,01	0,01	0,07
%Change	nr	-0,86	-0,27	6,10
FCF	0,08	0,21	-0,01	0,04
%Change	nr	1,55	-1,05	-4,76
Dividend	-	-	-	-

Income Statement (€m)	2020	2021e	2022e	2023e
Net Sales	30,0	32,5	35,1	37,3
%Change	-5,7%	8,6%	7,9%	6,3%
EBIT	2,0	0,7	0,7	1,3
% Sales	6,6%	2,2%	2,0%	3,4%
Net Result	1,0	0,1	0,1	0,7
% Sales	3,3%	0,4%	0,3%	1,9%

Cash Flow Statement (€m)	2020	2021e	2022e	2023e
FCF	0,9	2,2	-0,1	0,4
Net Debt	7,7	5,6	5,7	5,3
Shareholder Equity	10,6	10,7	10,8	11,5
Gearing	72,9%	52,7%	53,2%	46,4%
ROCE	6,9%	2,8%	2,6%	4,8%

Shareholders	
Vatel Capital	10,0%
Sigma Gestion	5,0%
Management	2,0%
Free Float	83,0%

Performances	2022	3m	6m	1 Year
Egide	11,9%	25,0%	8,1%	42,2%
CAC Small	-6,4%	-4,5%	-0,6%	12,8%
12 months Low-High	0,95	1,75		

Liquidity	2022	3m	6m	1 Year
Cumulative volume (000)	1 490	3 583	5 088	15 304
% of capital	14,4%	34,6%	49,2%	147,9%
% of Free Float	17,4%	41,7%	59,3%	178,2%
€ Million	2,3	4,9	7,0	20,3

Next Event

2021 Results : March, 30

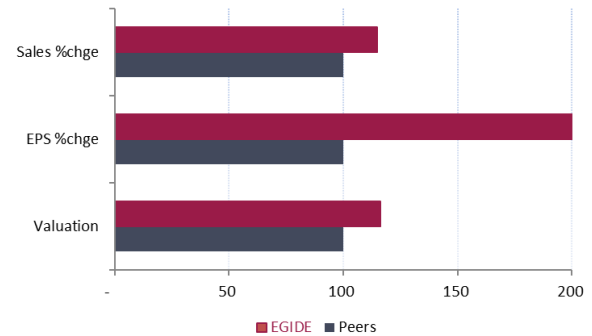
Snapshot Egide

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
12/13/21	Press Release	Buy	€ 1.26	€ 1.85
9/29/21	H1 Results	Buy	€ 1.415	€ 1.76
7/24/21	H1 Sales	Buy	€ 1.56	€ 1.74
6/25/21	General Assembly	Buy	€ 1.475	€ 1.74
3/30/21	2020 Annual Results	Buy	€ 1.18	€ 1.74
1/26/21	Sales 2020	Buy	€ 1.125	€ 1.34

Financial Data

Income Statement (€ m)	2018	2019	2020	2021e	2022e	2023e
Revenues	31,7	31,8	30,0	32,5	35,1	37,3
Purchase	12,6	13,1	12,5	12,9	14,0	14,9
Externals costs	4,7	4,8	2,3	6,2	5,1	5,4
Personnals Costs	13,5	13,7	13,6	13,5	13,5	13,9
Amortization	1,8	1,4	1,6	1,4	1,5	1,4
other	-0,2	-0,3	2,3	3,0	0,0	0,0
EBIT	-1,5	-2,2	2,0	0,7	0,7	1,3
Financial Result	-0,6	-0,6	-0,6	-0,6	-0,6	-0,6
Tax	0,1	0,0	-0,4	0,0	0,0	0,0
Net Result	-2,3	-2,8	1,0	0,1	0,1	0,7

Balance Sheet (€ m)	2018	2019	2020	2021e	2022e	2023e
Fixed Assets	8,3	11,6	10,0	8,6	8,2	7,9
Stock Inventories	6,5	7,5	8,1	8,1	8,8	9,3
Accounts Receivable	5,9	6,5	5,0	6,3	6,8	7,3
Other Currents Assests	0,3	0,2	3,2	0,5	0,5	0,5
Cash & Equivalents	2,4	1,5	1,4	4,2	4,0	4,3
TOTAL Assets	23,4	27,2	27,8	27,7	28,2	29,3
Shareholders' Equity	11,0	10,4	10,6	10,7	10,8	11,5
Provisions	0,7	0,8	0,8	0,8	0,9	0,9
Financial Debt	6,9	6,9	6,6	7,3	7,2	7,1
Accounts Payables	4,8	5,9	7,2	6,3	6,8	7,3
TOTAL Liabilities	23,4	27,2	27,8	27,7	28,2	29,3

Cash Flow Statements (€ m)	2018	2019	2020	2021e	2022e	2023e
Cash Flow from Operating Activities	-0,2	-1,1	2,5	2,0	1,6	2,1
Change in Net Working Capital	-0,7	0,2	0,8	-0,5	0,7	0,6
Cash Flow from Operations	0,4	-1,3	1,7	2,5	0,9	1,5
Cash Flow from Investing	-0,9	-0,9	-0,8	-0,3	-1,1	-1,1
Capital Increase	0,0	2,4	0,0	0,0	0,0	0,0
Funding Flow	0,8	0,2	0,3	0,6	-0,1	-0,1
Cash Flow from Financing	0,4	1,3	-0,8	0,6	-0,1	-0,1
Net Change in cash position	-0,6	-0,9	-0,1	2,8	-0,2	0,3

RATIOS	2018	2019	2020	2021e	2022e	2023e
Ebitda Margin	1,5%	-0,7%	3,9%	-1,3%	6,3%	7,2%
EBIT Margin	-4,8%	-6,9%	6,6%	2,2%	2,0%	3,4%
Net Margin	-7,2%	-8,9%	3,3%	0,4%	0,3%	1,9%
ROE	-20,8%	-27,1%	9,3%	1,2%	0,9%	6,0%
ROCE	-6,2%	-7,3%	6,9%	2,8%	2,6%	4,8%
Gearing	41,7%	82,5%	72,9%	52,7%	53,2%	46,4%
FCF per share	-0,06	-0,21	0,08	0,21	-0,01	0,04
EPS (€)	-0,29	-0,27	0,10	0,01	0,01	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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NO	NO	YES	YES	NO	NO

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