

EGIDE

Euronext Growth - FR0000072373 – ALGID

- ✓ **Emphasis on profitability**
- ✓ **Results surpassing our expectations**
 - H1 revenue +20% (€19.2 million)
 - Operating profit -€0.3 million vs -€1.3 million
 - Net income -€0.9 million vs -€2 million

Following the capital increase carried out this summer, the decision was made to halt the sale process of the American operations. As a result, in H1, the group reported a 20% growth in its activity driven by Egide USA (€6.35 million, +49%) and Egide SA (€8.62 million, +13%), Santier remaining stable at €4.22 million.

The volume effect, coupled with the initiation of the reorganization in the United States, has led to a significant reduction in losses, surpassing our expectations.

The gross margin has improved by 2.2 points to 61.9%, thanks, among other factors, to a lower increase in raw materials compared to the increase in activity (+14%). EBITDA returns to positive at €1.2 million (margin 6.3%) vs -€0.2 million in June 2022. EBIT is -€0.4 million vs -€1.5 million, and Net Result is -€0.9 million vs -€2 million, owing to a more moderate increase in external expenses (+5%) and well-maintained personnel costs despite the inflationary context (+9%).

On an entity basis, the improvement in results comes from Egide SA (€0.15 million vs -€0.04 million) and Santier (-€0.04 million vs -€0.9 million), while Egide USA is close to last year at -€0.4 million vs -€0.3 million, but notably better than the -€4 million in H2 2022. Egide SA continues on its trajectory of profitable growth, while the initial effects of reorganization are being felt, particularly at Santier, which has a less technical industrial tool than Egide USA and is, therefore, more responsive. Egide USA has begun to recover in terms of activity and operations, but the inertia is greater than at Santier due to its more advanced industrial capabilities. Additionally, the entity faced significant personnel challenges with the loss of high-value individuals. Since June, special efforts have been made to regain the necessary skills and know-how. According to management, key personnel have already been hired to date. Thus, by the end of H1 2024, Egide USA should be operational and capable of regaining profitability.

For the first half of the year, Egide is outperforming our profitability expectations. Therefore, for the entire fiscal year, we were expecting Egide USA to achieve an EBIT of -€1.6 million, Santier -€0.9 million, and Egide SA to achieve +€0.55 million, totaling -€1.96 million for the group. Considering the performance in the first half of the year and the ongoing reorganization, we estimate that the annual EBIT should be around -€0.95 million, compared to the estimated -€1.96 million, which is a conservative estimate.

In terms of the balance sheet, the gearing, excluding rents, stands at 154% vs. 76% as of 12/30/2022. This deterioration was expected due to 1) the losses and 2) the need to support the growth in the USA, which consumes cash due to the natural increase in working capital. Additionally, as the US team is not yet fully stabilized, the management of working capital is negatively impacted.

Outlook.

The work carried out by the management in the USA is starting to pay off and has a priority of "profitability" and intensifying commercial efforts in the military and space sectors. The current environment is naturally favorable. However, as the group has two Israeli clients in its top 10 worldwide, it is still difficult to anticipate the short-term consequences for Egide. Due to the general mobilization, the Israeli economy is naturally disrupted, lacking all its human resources. This could potentially have an impact on the group, but it remains to be seen in what direction.

Conclusion.

Egide is making a strong recovery and appears to be on track to present a completely new picture by 2024. In the meantime, efforts must be made to optimize the balance sheet, especially considering that €750,000 must be repaid in mid-December.

Opinion & Price Target: Speculative Buy - €1.16 vs. €0.97

This H1 leads us to revise our earnings forecasts upwards and, consequently, our price target, which increases to €1.16 from €0.97 (DCF €1.5 - Peers €0.66). We maintain a Speculative Buy opinion due to the strained balance sheet and the ongoing uncertainty regarding the full takeover of the USA.

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SPECULATIVE BUY

H1 Results + Contact

BPI Label – Innovative company- PEA-PME Eligible

TARGET **BEFORE**
€ 1.16 **€ 0.97**

SHARE PRICE (10/24/23) **POTENTIAL**
€ 0.54 **+115%**

CAPITALISATION **FLOTTANT**
€ 7.18m **€ 6.5m**

Ratios	2023e	2024e	2025e
EV/Sales	0,43	0,39	0,37
EV/EBIT	nr	nr	17,4
P/E	nr	nr	15,5
P/CF	8,3	3,9	5,7
Dividend Yield	0,0	0,0	0,0

Data per share	2022	2023e	2024e	2025e
EPS	0,03	-0,12	-0,04	0,03
%Change	0,67	nr	nr	nr
FCF	0,19	-0,01	0,06	0,01
%Change	nr	nr	nr	-0,85
Dividend	-	-	-	-

Income Statement (€m)	2022	2023e	2024e	2025e
Net Sales	15,5	39,2	42,5	45,4
%Change	-52,4%	153,7%	8,4%	6,8%
EBIT	0,6	-1,0	-0,1	1,0
% Sales	3,8%	-2,5%	-0,2%	2,1%
Net Result	0,3	-1,6	-0,6	0,5
% Sales	2,2%	-4,1%	-1,4%	1,0%

Cash Flow Statement (€m)	2022	2023e	2024e	2025e
FCF	2,0	-0,1	0,8	0,1
Net Debt	4,9	9,7	9,3	9,6
Shareholder Equity	6,5	6,8	6,2	6,7
Gearing	75,8%	141,9%	149,6%	143,1%
ROCE	4,6%	-3,5%	-0,3%	3,5%

Shareholders	
Pleiade Invest	3,0%
Management	2,0%
Free Float	90,5%

Performances	2023	3m	6m	1 Year
Egide	2,1%	-15,2%	-37,4%	-23,1%
Euronext Growth	-16,4%	-15,4%	-14,3%	-20,5%
12 months Low-High	0,42	1,27		

Liquidity	2023	3m	6m	1 Year
Cumulative volume (000)	12 365	2 437	4 931	13 605
% of capital	93,0%	18,3%	37,1%	102,3%
% of Free Float	102,7%	20,2%	41,0%	113,0%
€ Million	10,0	1,8	3,3	10,7

Next Event H1 Results : SFAF Meeting

Egide has signed a research contract with GreenSome.

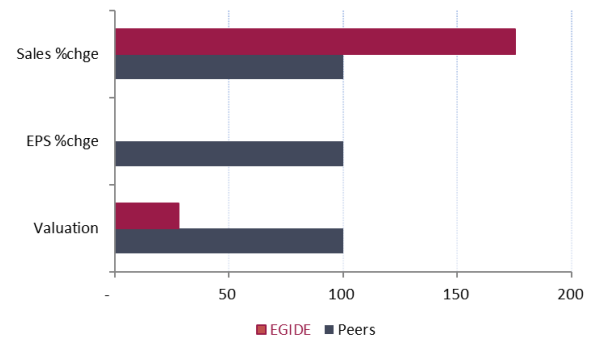
Snapshot Egide

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
9/21/23	General Assembly Erratum	Speculative Buy	€ 0.621	€ 0.97
9/14/23	General Assembly debriefing	Speculative Buy	€ 0.642	€ 0.97
9/5/23	Capital Increase Results	Speculative Buy	€ 0.752	€ 0.91
8/19/23	Capital Increase	Subscribe	€ 0.67	€ 0.91
7/17/23	H1 Sales	Speculative Buy	€ 0.632	€ 0.91
4/27/23	Annual Results	Neutral	€ 0.893	€ 0.91
1/26/23	2022 Annual Sales	Speculative Buy	€ 0.538	€ 0.85
1/2/23	Funding Agreement	Speculative Buy	€ 0.54	€ 0.85
10/24/22	H1 Results	Neutral	€ 0.717	€ 0.78

Financial Data

Income Statement (€ m)	2020	2021	2022	2023e	2024e	2025e
Revenues	30,0	32,5	15,5	39,2	42,5	45,4
Purchase	12,5	12,7	5,7	15,5	16,8	17,9
Externals costs	2,3	6,5	2,4	5,7	6,2	6,6
Personnals Costs	13,6	14,0	6,3	16,9	17,5	17,9
Amortization	1,6	1,5	0,5	1,8	1,7	1,6
other	2,3	3,4	0,1	0,0	0,0	0,0
EBIT	2,0	0,8	0,6	-1,0	-0,1	1,0
Financial Result	-0,6	-0,4	-0,2	-0,8	-0,5	-0,5
Tax	-0,4	-0,2	-0,1	-0,1	0,0	0,0
Net Result	1,0	0,2	0,3	-1,6	-0,6	0,5

Balance Sheet (€ m)	2020	2021	2022	2023e	2024e	2025e
Fixed Assets	10,0	12,8	2,5	5,8	5,6	5,6
Stock Inventories	8,1	7,4	3,5	8,7	9,4	10,1
Accounts Receivable	5,0	4,9	3,4	7,6	8,3	8,8
Other Currents Assests	3,2	1,6	1,9	3,3	1,8	1,9
Cash & Equivalents	1,4	1,6	0,7	0,2	1,0	1,2
TOTAL Assets	27,8	28,3	27,9	25,6	26,1	27,6
Shareholders' Equity	10,6	11,6	6,5	6,8	6,2	6,7
Provisions	0,8	0,9	0,7	0,8	0,9	0,9
Financial Debt	6,6	7,7	4,6	7,6	8,1	8,5
Accounts Payables	7,2	5,4	2,7	7,1	7,7	8,2
TOTAL Liabilities	27,8	28,3	27,9	25,6	26,1	27,6

Cash Flow Statements (€ m)	2020	2021	2022	2023e	2024e	2025e
Cash Flow from Operating Activities	2,5	-1,2	0,9	0,1	1,1	2,1
Change in Net Working Capital	-0,8	0,7	-1,4	-0,7	-0,7	0,8
Cash Flow from Operations	1,7	-0,5	-0,5	0,9	1,8	1,3
Cash Flow from Investing	-0,8	0,1	-0,1	-1,0	-1,1	-1,1
Capital Increase	0,0	0,0	0,0	1,9	0,0	0,0
Funding Flow	0,3	0,2	0,9	-2,3	0,0	0,0
Cash Flow from Financing	-0,8	0,5	0,8	-0,4	0,0	0,0
Net Change in cash position	-0,1	0,2	-0,9	-0,5	0,8	0,2

RATIOS	2020	2021	2022	2023e	2024e	2025e
Ebitda Margin	3,9%	-3,2%	5,9%	2,0%	3,8%	5,6%
EBIT Margin	6,6%	2,5%	3,8%	-2,5%	-0,2%	2,1%
Net Margin	3,3%	0,6%	2,2%	-4,1%	-1,4%	1,0%
ROE	9,3%	1,7%	5,2%	-23,8%	-9,3%	6,9%
ROCE	6,9%	2,6%	4,6%	-3,5%	-0,3%	3,5%
Gearing	72,9%	72,0%	75,8%	141,9%	149,6%	143,1%
FCF per share	0,08	-0,03	0,19	-0,01	0,06	0,01
EPS (€)	0,10	0,02	0,03	-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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