

2018 RESULTS PRESENTATION

28th March 2019

2018 RESULTS AT A GLANCE



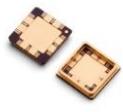
INNOVATIVE
HERMETIC
SOLUTIONS

- **€31.7m 2018 turnover** (+2.7% YoY), stable on a comparable basis (+0.2%)
- **€0.67m 2018 EBITDA** (+67.5% YoY) vs. €0.40m in 2017
- Continuously tough environment for **Egide SA** due to the slowdown in European thermal imaging markets beginning in Q3. Persistent volume issues led to an asset depreciation of €0.94m resulting from an impairment test.
- Temporary slowdown of revenue in Q4 2018 for **Santier**
- Strong performance of ceramic HTCC at **Egide USA** >\$1m sales
- 55% of group sales from US subsidiaries

Revenue in €m	2017	2018	Changes	Changes ^(*) on a comparable basis
Egide SA	15.56	14.38	-7.6%	-7.6%
Egide USA	7.25	8.42	+16.2%	+21.6%
Santier	8.08	8.94	+10.6%	-4.0%
TOTAL	30.89	31.74	+2.7%	+0.2%

* At constant perimeter and FX rate (10 months activity for Santier in 2017 and 2018 ; 2017 €/ \$ parity)

Innovative hermetic packages and thermal management materials...

	Thermal Imaging	Power	RF/Microwave	Optronics	Other Electronics
					
Sales 2018	€10.5m	€6.0m	€6.2m	€5.6m	€3.4m
Var YoY %	-4.0%	-8.1%	+3.1%	+35.1%	+5.0%

€31.74m revenue in 2018 +2.7% Year-on-Year

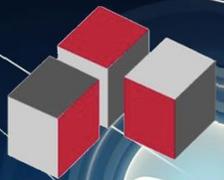
... for high value and **critical sensitive** electronic applications

Infrared Vision	Radars	Avionics	Satellites	Data Centers	Communication
					

A business evenly spread between Europe and the US

	Egide SA	Egide USA	Santier (US)
Sales 2018	€14.38m	€8.42m	€8.94m sales
Var YoY %	-7.6% YoY*	+21.6% YoY*	-4.0% YoY*

* At constant currency and perimeter

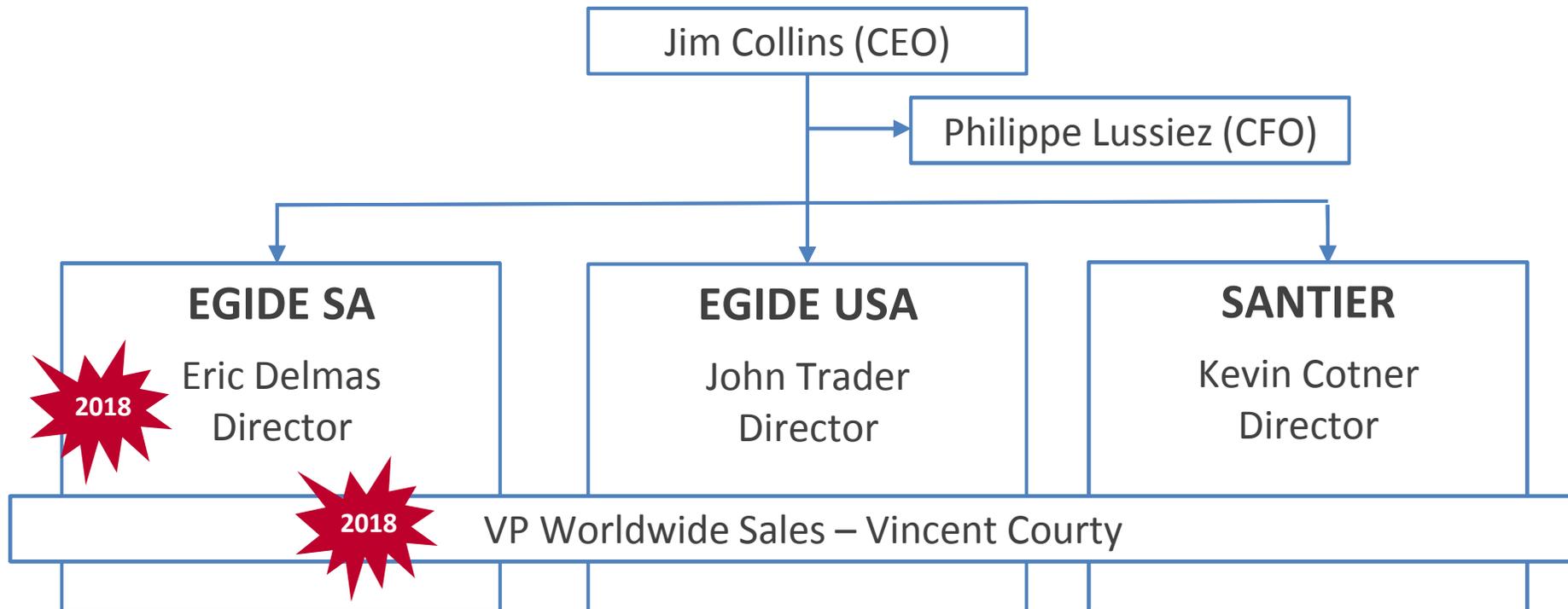


EGIDE



2018 BUSINESS REVIEW

STRENGTHENED MANAGEMENT TEAM



- ✓ **Business Units director - Egide SA: Eric DELMAS**
 - Former Texas Instruments General Manager in Dallas, TX
 - Managing the **Bollène** facility as well as marketing and R&D in France



- ✓ **VP Worldwide Sales - Egide Group: Vincent COURTY**
 - Former Acal BFI France Managing Director, Thales and Keithly Instruments
 - **VP Worldwide sales** – starting June 2018

Major actions taken in 2018

New management team in Europe

Reorganization of Egide SA operations management

Qualification of US HTCC with multiple companies

New processes and new initiatives

Strengthening of commercial organization with additional direct sales in EU and US

Already delivering results

New strategic clients

- ✓ Photonis, FLIR (US), Rafael, IxBlue, Leonardo (UK, Italy, US), TT Electronics (UK)

Increased sales to new segments

- ✓ Light amplification
- ✓ Thermal batteries (defense)
- ✓ Sensors
- ✓ Medical

Increase in efficiency, productivity at Egide SA

- ✓ Ceramic yield improved by 10 pts vs 2017
- ✓ Assembly yield improved by 5pts vs 2017
- ✓ Quality control efficiency improved by 20%

AS 9100 qualification in the US

EGIDE WELL POSITIONNED FOR NEXT PHASE OF GROWTH

EXPANDING CUSTOMER BASE PIPELINE



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2018

2019+

As % of revenue	2017	2018
1 st client	16 %	12 %
Top 5 clients	39 %	35 %
Top 10 clients	52 %	48 %

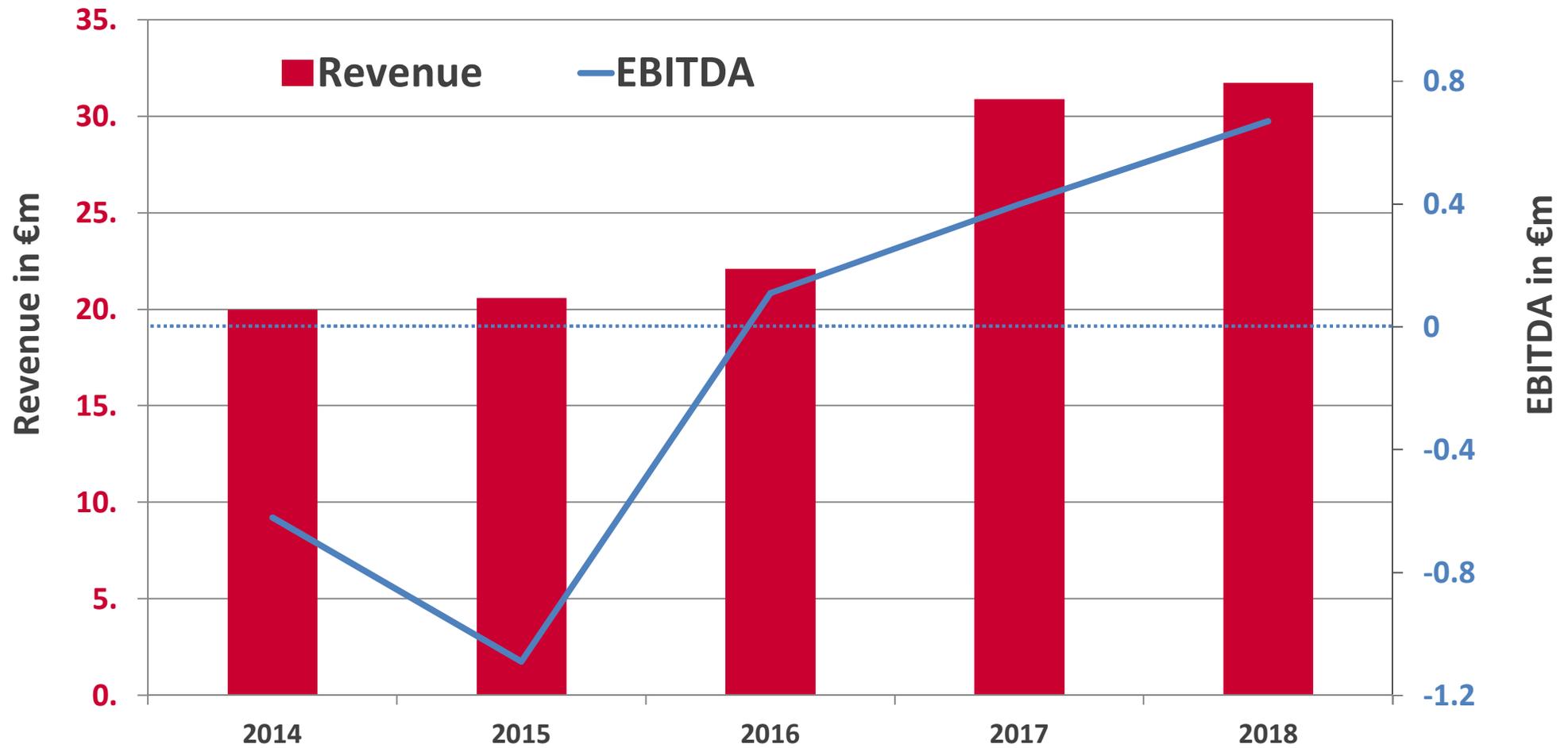


FY2018 RESULTS SUMMARY

GROWING REVENUE & EBITDA OVER THE PAST 4 YEARS



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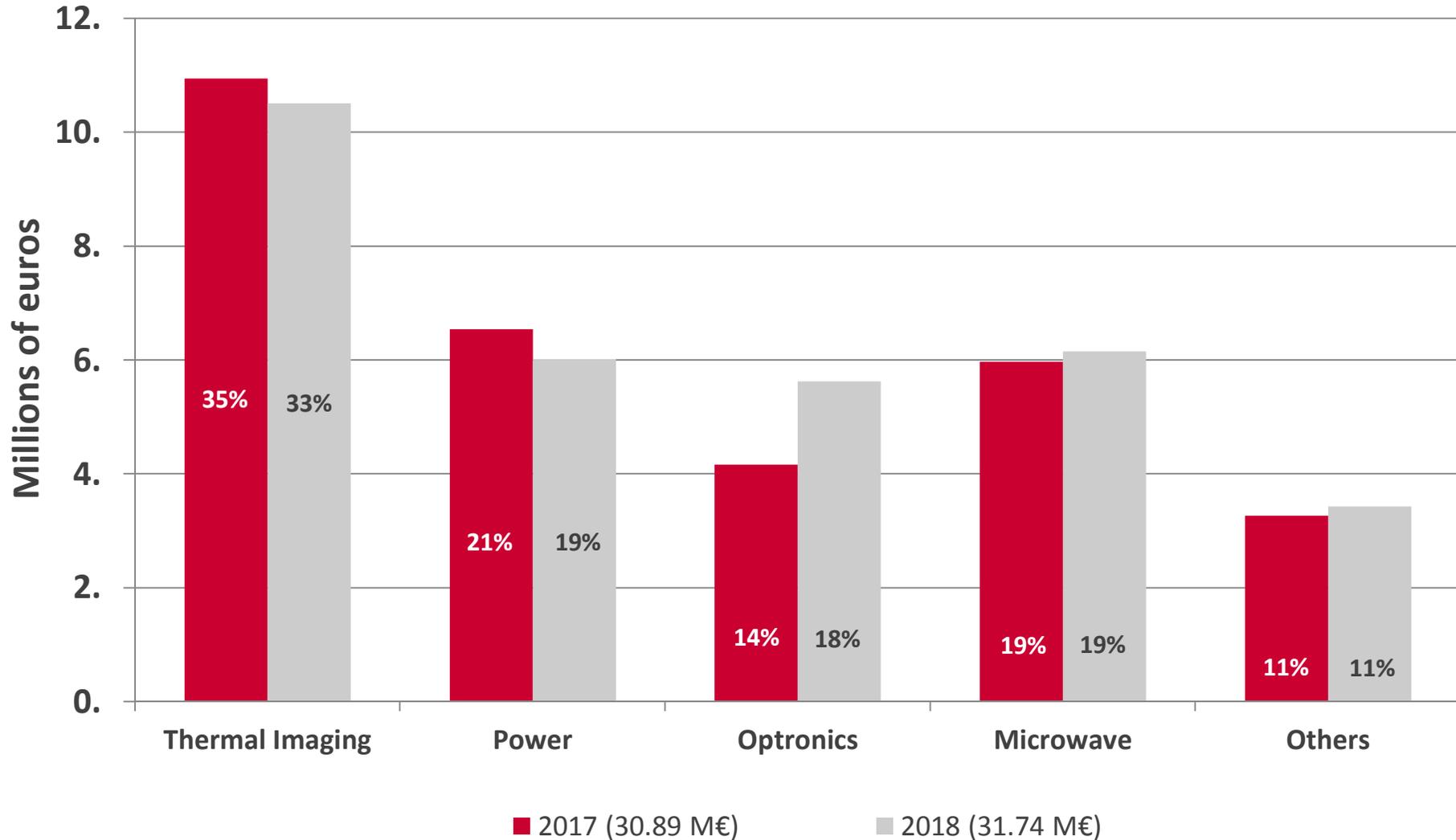


REVENUE BY APPLICATIONS



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EGIDE SA + EGIDE USA + SANTIER (10 MONTHS IN 2017)



in €m	2017	2018*
REVENUE	30.89	31.74
Consumed purchases	-12.48	-12.43
Change in WIP & finished goods	+0.45	+0.17
Personnel costs	-13.14	-13.53
External charges, taxes and other	-5.07	-5.06
Non recurring items ⁽¹⁾	-0.25	-0.22
EBITDA	+0.40	+0.67
Depreciation, amortization and provisions	-1.22	-2,20
OPERATING RESULT (EBIT)	-0.82	-1,53
Financial items ⁽²⁾	-0.62	-0.46
Non recurring financial items ⁽¹⁾	-0.13	-0.18
NET RESULT BEFORE TAX	-1.58	-2,17
Tax income ⁽⁴⁾	+1.21	-0.11
NET RESULT	-0.37	-2.28

* Non audited

(1) 2017: Santier acquisition fees – 2018: misappropriation of funds & tax audit

(2) 2017: foreign-exchanges losses on €/ \$ in 2017 (€0.31m)

(3) 2017: Midcap setting costs - 2018: PMB setting costs

(4) 2017: Deferred tax on assets at Egide USA LLC

Balance sheet as of 31st December 2018 (€m – non audited)

ASSETS		LIABILITIES	
Assets	7.14	Shareholders' Equity	10.96
Differed tax assets	1.19	Debt (over 1 year)	4.36
Inventories and outstanding	6.53	Non-current provisions	0.73
Account receivables	5.91	Debt (under 1 year)	2.57
Cash	2.36	Suppliers and other creditors	4.77
Other current assets	0.29	Other liabilities	0.03
TOTAL	23.42	TOTAL	23.42

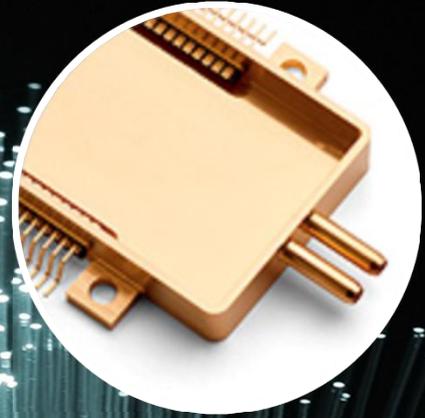
- **Intangible assets:** €1.22 (created with Santier)
- **Tangible assets:** €5.44 (building and HTCC line at Egide USA, production equipment all sites)
- **Financial assets:** €0.48 (rent deposits)
- **Working capital requirements:** 85 days of revenue (w/o R&D Tax Credit)
- **Debt >1 year:** PMB loan (Egide USA & Santier), Sofired loan (Egide SA), Vatel bond, lease contracts
- **Provisions:** employee benefits
- **Debt <1 year:** PMB and Sofired loan, Vatel bond, factoring (€1.81), lease contracts

CONSOLIDATED CASH FLOW STATEMENT



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In €m	2017	2018
Starting cash balance	1.08	2.99
Cash flow from operations	-0,53	- 0,21
Working capital variation	-0,89	+0,65
Fixed assets variation	-1.12	-0.93
Change in perimeter (Santier)	-5.05	0.00
Debt variation	+1.92	-0.21
Capital increase	+7.70	0.00
Impact of change in currency exchange rate	-0.12	+0.07
Ending cash balance	2.99	2.36

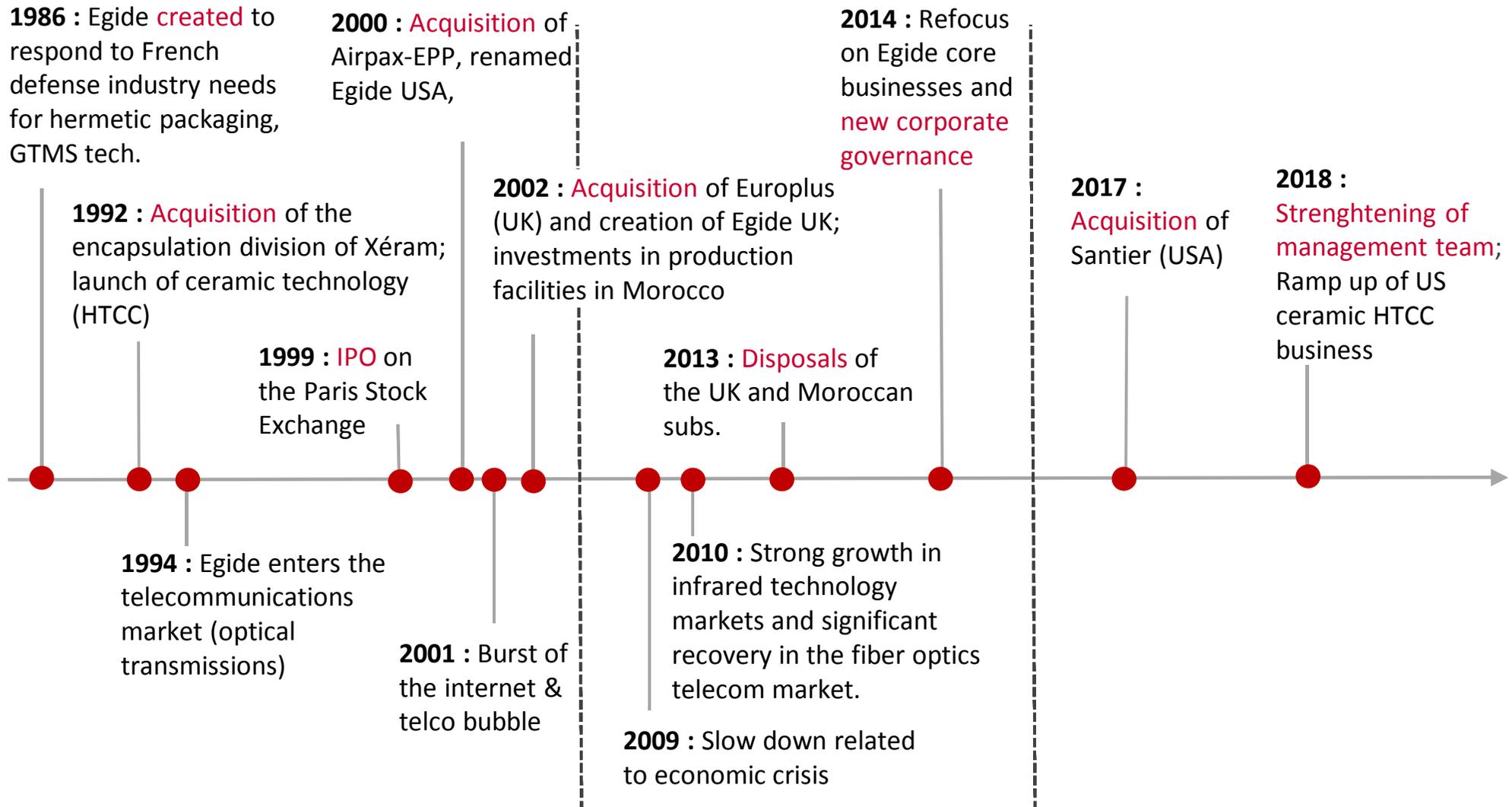


OUTLOOK

EGIDE TRANSFORMATION OVER TIME



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Investments, acquisitions & IPO
Expansion in Telecom & Defense

Refocus on core
businesses & divestments

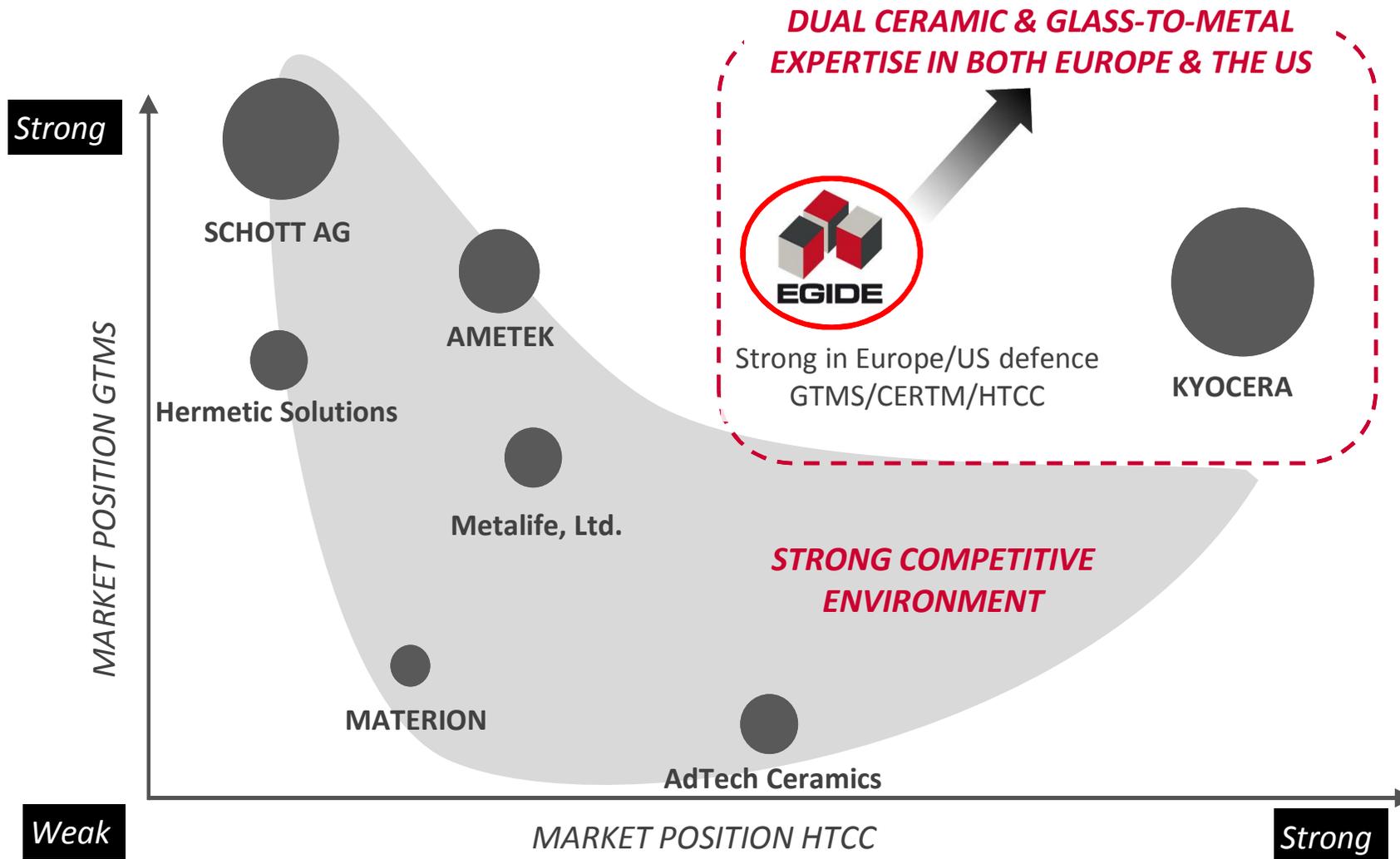
Acceleration of diversification
and industrial transformation

DUAL EXPERTISE IN HTCC CERAMIC & GLASS-TO-METAL



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A NEW KEY COMPETITIVE ADVANTAGE TO ATTRACT NEW CLIENTS





CURRENT STRENGTHS...

RECOGNISED TECHNICAL EXPERTISE

- ✓ Solutions to complex problems for clients
High barriers to entry

EXPERTISE IN GTMS, HTCC CERAMIC AND THERMAL MANAGEMENT

- ✓ Large portfolio of product
- ✓ Versatility of technological solutions

VALUE PROPOSITION ON NICHE SEGMENTS

- ✓ Agility with complex « mid-small » projects:
Extensive design experience on non-standardised products
- ✓ Competitive low volume high-tech manufacturing

CUSTOMER-CENTRIC CULTURE

- ✓ Close relationship with customers:
Quality of service, Responsiveness to clients...



...NEW OPPORTUNITIES

NEW REGIONS

- ✓ Leverage technical expertise in the 3 units to accelerate growth
- ✓ Increase penetration in **Asia & Israel**

NEW PRODUCTS

- ✓ Significant growth opportunity in the **US ceramic market**
- ✓ New markets opening up: **RF, SOFC, Auto lidar, Resources exploration**

NEW CLIENTS

- ✓ **US & EUROPE** industrial footprint
- ✓ **More customers in strategic segments in Europe and the US** : Night Vision, RF, Telecom Optronics

INDUSTRIAL TRANSFORMATION

- ✓ Major **Self-help & improvement** programs initiated in 2018
- ✓ **Compete in higher volume projects**
- ✓ **Increase speed and efficiency**

ADDRESSABLE MARKET EXTENDING RAPIDLY BEYOND EXISTING TRADITIONAL SEGMENTS



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NEW APPLICATIONS AND TECHNOLOGICAL INNOVATIONS DRIVING GROWTH



* Source: Marketsandmarkets & Egide

** Egide market share

*** Average market growth

MARKET

- ✓ A continuously difficult 2019 market in Europe and a complex geopolitical environment, especially regarding China-US relations
- ✓ EU defense sector affected by stricter enforcement of export rules
- ✓ The US defense sector, Asia and Israel considered as growth markets in 2019
- ✓ Less long-term visibility for major programs (8 to 12 weeks max) despite positive trends in underlying markets
- ✓ Positive trends and market share gains in selected sub-markets:
 - Thermal imaging (+6.6% CAGR 2018-2020)
 - Light Amplification (complementary to infrared)
 - Thermal Batteries (defense applications)

OPERATIONS

- ✓ Continuous improvement of operational metrics at all 3 facilities – OTD, Yields, Productivity
- ✓ Strong ceramic backlog in the US to support the expected growth in HTCC
- ✓ Developing 3D printing capabilities (with a 3rd party)
- ✓ Increasing inter-company transfers – HTCC ceramic, Thermal heatsinks and machined components

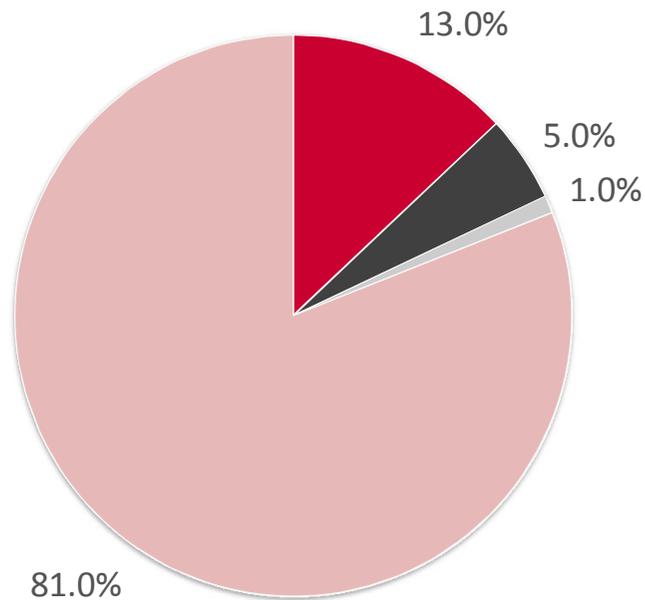
GROUP

- ✓ The group expects overall positive growth in 2019 driven by the US business units
- ✓ H1 will be impacted by the softness of the thermal imaging business which will adversely affect the revenue of Egide SA
- ✓ Egide expects sequential improvement in the second half driven by continuous improvement of the US operations and a return to the revenue level for Egide SA back to H1 2018
- ✓ Management is studying an action plan to reorganize Egide SA and optimize operations. A consolidation of the US entities is also planned to improve synergies and profitability of the subsidiaries

FINANCIAL COMMUNICATION

- ✓ In 2019, the group will now present the situation of its activity by semester
- ✓ 2019 H1 revenue: July 12, 2019

Shareholding structure



- Sigma Gestion
- Ostrum Asset Management
- Management
- Flottant

Share Price (€) & Traded volumes



03/27/2019

Market Capitalisation	€9,5m
Highest share price in last 12 months	€2,51
Lowest share price in last 12 months	€1.025
50-day volume average	23.2k shares
Annual volume average	12.5k shares

EGIDE GROUP

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