

# EGIDE

Euronext Growth - FR0000072373 – ALGID

- ✓ **EGIDE USA, the thorn in the side?**
- ✓ H1 Revenue: €15.4M, -19.6%
  - Gross margin: 65.1% vs. 61.9% in H1 2023
  - EBITDA margin: -0.1% vs. 6.3%
  - Operating income: -€0.94M vs. -€0.34M / Net income: -€1.4M vs. -€0.9M
  - Gearing (excluding rental charges): 123% vs. 85% on 12/31/23
- ✓ Capital increase of €1.8M guaranteed at 83%, at €0.5 per share

As a reminder, in H1, Egide SA experienced a significant drop in orders from one of its main clients who lost its operating licenses. Egide USA saw a decline in orders from its primary customer due to overstocking, and Santier suffered from cash flow issues and failures of some of its suppliers.

**Results:** The gross margin rose sharply to 65.1%, which is 6 points higher than its historical average, despite Egide USA's gross margin being around 15 points lower than that of Egide SA and Santier. This reflects better purchasing policies, improved industrial efficiency, and the implemented price increases. However, it also highlights a weakness in Egide USA, whose gross margin dropped by 3.5 points, while Egide SA improved by 6.5 points and Santier by 11.8 points. The current EBITDA margin moved slightly into negative territory. The lower activity level explains this decline despite personnel cost adjustments (-10% / 260 FTE vs. 281 as of June 30, 2023). Only Egide USA posted a negative current EBITDA margin (-6.2%), while SA is at breakeven (1.2%) and Santier is at +7.3%. If Egide USA were able to achieve the same gross margin as SA and Santier, its current EBITDA margin would be around 8%. For SA, beyond the negative volume effect, external costs are proportionally 1.4 times higher than those of the American entities due to subcontracting and relatively fixed costs tied to its status as a listed company (CAC, legal fees, etc.). The lack of volume "squeezes" the margin.

The operating result logically deteriorated (-€0.9M vs. -€0.3M), but more significantly than expected. Most of the losses were concentrated in Egide USA, with an operating income of -€0.8M vs. +€0.02M for Santier and -€0.2M for SA. Efforts in purchasing, price increases, and resource optimization explain a result better than expected. As a result, net income came out at -€1.4M vs. a previously expected net loss exceeding €2M. Despite a downward revision of the 2024 revenue forecast, we are raising the net income estimate to -€3.2M vs. -€4.6M in 2024 (2025e -€1.9M vs. -€3M, 2026e -€0.4M vs. -€1.6M).

Regarding the balance sheet, despite a favorable working capital variation, controlled investments, and nearly €2M in financial debt repayments, the gearing tightened to 123% excluding rental debts vs. 85% on 12/31. Cash is at €1.2M, equity at €5.6M, and gross financial debt excluding rental debt is at €8M.

## Outlook:

Management remains cautious, explained by: 1/ the sharp decline in revenue from two of its main clients for SA and USA, and 2/ structurally long qualification times to secure new contracts. Therefore, we now anticipate H2 activity levels like H1, whereas we previously expected slight growth.

A major issue is centered on Egide USA, which still struggles to meet its market demands, partly due to an underperforming industrial tool, resulting in a severely degraded gross margin. Egide SA, which lost a significant volume of business, is near breakeven, thanks to productivity and purchasing efforts (gross margin around 70%) and controlled operating costs. Santier is in a similar situation but offers less leverage than Bollène in improving its gross margin due to a more limited product mix. For these two entities, securing new contracts should reflect more quickly in results than for Egide USA.

The landscape is changing with a price increase policy that seems to be taking effect for Bollène and Santier, explaining their gross margins. Bollène still has leverage at this level as its tool is under capacity, especially for ceramics. Santier could recover volume, provided it secures more financial resources for its suppliers. The problem here is more about working capital. Egide USA remains the group's main concern, as it struggles to stabilize its industrial tool. Therefore, continued investments are necessary, which explains the capital increase at €0.5 per share, guaranteed by iXcore at nearly 80%. A portion of this will be through debt conversion (€750K), with the rest in cash (€700K). This will provide some breathing room for the group but will not be sufficient to support the recovery, particularly for Egide USA. Thus, unless the group divests from this entity, a larger-scale operation will need to be considered in H1 2025. However, iXcore's support for Egide is a significant signal for the future.

## Opinion & Price Target: Neutral / €0.50

iXcore's commitment could make €0.5 a pivot point for the stock price, with the challenge being to resolve "the Egide USA problem."

**Arnaud Riverain**  
+33 (0)6 43 87 10 57  
ariverain@greensome-finance.com

# NEUTRAL

## H1 Results + Contact

BPI Label – Innovative company- PEA-PME Eligible

**TARGET** **BEFORE**  
**€ 0.50** **€ 0.50**

**SHARE PRICE** (10/21/24) **POTENTIAL**  
**€ 0.304** **+64%**

**CAPITALISATION** **FLOTTANT**  
**€ 4.9m** **€ 3.8m**

Ratios	2024e	2025e	2026e
EV/Sales	0,49	0,45	0,41
EV/EBIT	nr	nr	22,1
P/E	nr	nr	nr
P/CF	-9,4	-10,4	5,5
Dividend Yield	0,0	0,0	0,0

Data per share	2023	2024e	2025e	2026e
EPS	-0,19	-0,20	-0,11	-0,03
%Change	nr	nr	nr	nr
FCF	0,03	-0,08	-0,07	0,01
%Change	nr	nr	nr	nr
Dividend	-	-	-	-

Income Statement (€m)	2023	2024e	2025e	2026e
Net Sales	36,7	30,3	33,0	35,9
%Change	137,4%	-17,5%	8,9%	8,9%
EBIT	-2,1	-2,2	-0,8	0,7
% Sales	-5,6%	-7,1%	-2,3%	1,9%
Net Result	-3,1	-3,2	-1,9	-0,4
% Sales	-8,5%	-10,7%	-5,6%	-1,2%

Cash Flow Statement (€m)	2023	2024e	2025e	2026e
FCF	0,5	-1,3	-1,1	0,2
Net Debt	9,8	10,6	12,0	12,1
Shareholder Equity	7,0	3,8	1,9	1,5
Gearing	138,8%	279,7%	nr	nr
ROCE	-7,4%	-6,6%	-2,4%	2,1%

Shareholders	
iXcore	8,5%
Pleiade Venture	8,0%
Vatel Remploi	7,4%
Free Float	76,1%

Performances	2024	3m	6m	1 Year
Egide	-58,3%	-32,4%	-48,0%	-41,5%
Euronext Growth	-7,1%	-1,1%	-1,6%	-0,8%
12 months Low-High	0,22	0,99		

Liquidity	2024	3m	6m	1 Year
Cumulative volume (000)	8 126	1 287	2 746	9 492
% of capital	50,0%	7,9%	16,9%	58,4%
% of Free Float	65,7%	10,4%	22,2%	76,8%
€ Million	5,3	0,4	1,3	6,2

**Next Event** 2024 Annual Sales : january, 20

*Egide has signed a research contract with GreenSome.*

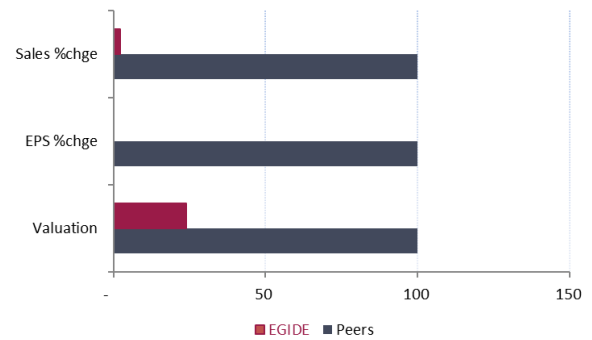
## Snapshot Egide

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
7/16/24	Sales H1	Neutral	€ 0.497	€ 0.5
4/30/24	2023 Annual Results	Buy	€ 0.608	0.87 €
1/29/24	Sales 2023	Neutral	€ 0.972	€ 0.95
12/12/23	Capital Increase Result	Speculative Buy	€ 0.64	€ 1.16
11/21/23	Capital Increase	Speculative Buy	€ 0.591	€ 1.16
10/24/23	H1 Results	Speculative Buy	€ 0.54	€ 1.16
9/21/23	General Assembly Erratum	Speculative Buy	€ 0.621	€ 0.97

## Financial Data

Income Statement (€ m)	2021	2022	2023	2024e	2025e	2026e
Revenues	32,5	15,5	36,7	30,3	33,0	35,9
Purchase	12,7	5,7	14,9	10,6	11,2	11,9
Externals costs	6,5	2,4	5,1	4,8	4,9	5,2
Personnals Costs	14,0	6,3	16,3	14,6	15,1	15,7
Amortization	1,5	0,5	2,2	2,1	2,1	2,1
other	3,4	0,1	0,0	0,0	0,0	0,0
<b>EBIT</b>	<b>0,8</b>	<b>0,6</b>	<b>-2,1</b>	<b>-2,2</b>	<b>-0,8</b>	<b>0,7</b>
Financial Result	-0,4	-0,2	-1,1	-1,1	-1,1	-1,1
Tax	-0,2	-0,1	0,0	0,0	0,0	0,0
<b>Net Result</b>	<b>0,2</b>	<b>0,3</b>	<b>-3,1</b>	<b>-3,2</b>	<b>-1,9</b>	<b>-0,4</b>

Balance Sheet (€ m)	2021	2022	2023	2024e	2025e	2026e
Fixed Assets	12,8	2,5	9,5	13,4	12,2	11,2
Stock Inventories	7,4	3,5	7,0	6,3	6,9	7,5
Accounts Receivable	4,9	3,4	6,3	5,9	6,4	7,0
Other Currents Assests	1,6	1,9	2,1	1,7	1,8	2,0
Cash & Equivalents	1,6	0,7	3,2	1,6	0,7	1,1
<b>TOTAL Assets</b>	<b>28,3</b>	<b>27,9</b>	<b>28,2</b>	<b>28,9</b>	<b>28,0</b>	<b>28,7</b>
Shareholders' Equity	11,6	6,5	7,0	3,8	1,9	1,5
Provisions	0,9	0,7	0,8	0,7	0,8	0,8
Financial Debt	7,7	4,6	9,2	8,4	8,9	9,4
Accounts Payables	5,4	2,7	6,5	5,5	6,0	6,5
<b>TOTAL Liabilitites</b>	<b>28,3</b>	<b>27,9</b>	<b>28,2</b>	<b>28,9</b>	<b>28,0</b>	<b>28,7</b>

Cash Flow Statements (€ m)	2021	2022	2023	2024e	2025e	2026e
Cash Flow from Operating Activities	-1,2	0,9	-0,2	-1,1	0,3	1,7
Change in Net Working Capital	0,7	-1,4	1,1	-0,6	0,7	0,8
Cash Flow from Operations	-0,5	-0,5	0,8	-0,5	-0,5	0,9
Cash Flow from Investing	0,1	-0,1	-0,3	-0,8	-0,7	-0,7
Capital Increase	0,0	0,0	3,7	0,0	0,0	0,0
Funding Flow	0,2	0,9	0,0	-0,4	0,2	0,3
Cash Flow from Financing	0,5	0,8	1,7	-0,4	0,2	0,3
<b>Net Change in cash position</b>	<b>0,2</b>	<b>-0,9</b>	<b>2,1</b>	<b>-1,6</b>	<b>-0,9</b>	<b>0,4</b>

RATIOS	2021	2022	2023	2024e	2025e	2026e
EBIT Margin	2,5%	3,8%	-5,6%	-7,1%	-2,3%	1,9%
Net Margin	0,6%	2,2%	-8,5%	-10,7%	-5,6%	-1,2%
ROE	1,7%	5,2%	-44,4%	-85,7%	-96,9%	-28,3%
ROCE	2,6%	4,6%	-7,4%	-6,6%	-2,4%	2,1%
Gearing	72,0%	75,8%	138,8%	279,7%	nr	nr

Estimates : GreenSome Finance

## Rating Definition

BUY	NEUTRAL	SELL
Upside > +10%	-10% < Upside < +10%	Upside < -10%

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