

EQUASENS

Euronext A – FR0012882389 – EQS

- ✓ An excellent first semester if we compare what is comparable!
- ✓ H1 revenue +10.3% / Current operating margin 24.9% (vs 26% in H1 2021) / Net margin 20.2% (vs 18.8% in H1 2021) / Gearing -26.6% vs -15.3% at 12/31;
- ✓ Expected sequence in terms of margins identical to past years.

In the first half of the year, Equasens posted sales up by +10.3% (Q1 +9%, Q2 +11.5%), current operating income up by 5.4% and net income by +18.9%.

The current operating margin was down 1.1 point compared to H1 2021 and 1.7 point compared to H1 2020 but higher by 0.8 point than in H1 2018 and 0.6 point than in H1 2019.

Equasens is therefore returning to its normative levels because during the two previous years, and especially 2020, the group had benefited from support measures linked to the covid crisis (covering partial unemployment, etc.). He had also logically greatly reduced his marketing expenses (trade shows, etc.) as well as those related to his collaborators. Finally, in the first half of 2022, Equasens organized numerous internal events related to its name change and the new human and organizational organization that accompanies this significant evolution of the group. Ultimately, this first half should be compared to those of the 2018 and 2019 financial years. On this basis, Equasens achieved its best first half in terms of margins in a so-called "normal" environment. Concerning the net result, it is progressing much faster than the activity at +18.9% which makes it possible to exceed for the 1st time during a H1 the margin of 20%. This is mainly due to a tax charge divided by more than 2 (€3.2m from IP BOX – tax credit on royalties from marketed patents and licenses). This phenomenon should continue in H2, which leads us to revise our net margin estimate upwards by 4.3 points.

Equasens thus posted its best first half in terms of volume and margin in terms of net income.

This excellent performance is accompanied by good control of its WCR despite the continuation of anticipation in purchases in order to limit the risk of stock shortages due to the increase in lead times, which will also make it possible to contain price increases. Thus, the operating flow reached +€39m (CIF +€27.7m / Change in WCR -€11.3m). With investments returning to normal after two years of major investments mainly related to the new headquarters, FCF stands at €34.5m, a record for an H1. Thus, after continuing to repay financial debts, Equasens generated cash of €14.6m, which allows it to improve its gearing to -26.6%.

We can therefore say that Equasens is having a very good first half both in terms of activity and results, while the group has invested a lot in the context of the deployment of new offers and for Ségur. Moreover, the basis of comparison in the margins is not favorable to it due to exogenous past elements.

By division, Pharmagest posted operating profitability of 22.5% vs 23.8% in H1 2021, which is 0.6 pt higher than H1 2019 and 0.8 pt in H1 2018. Axigate Link's profitability is 30.7% vs 31.2% knowing that it now includes Telemedicine which is loss -making due to R&D investments in AI knowing that the marketing of new offers is just beginning. If we refer to 2018 and 2019, the level is lower by about 4-5 points. Finally, e-Connect – Medical Soft – Fintech had a profitability of 32.3% vs 35.7%, penalized in particular by Fintech, but The level remains significantly higher than that of H1 2018 (23%) and H1 2019 (26.3%).

Outlook.

As we have already said, Equasens will benefit in the coming months from the first effects of Ségur du Numérique en Santé. Over 5 years, it is €18.5 million in expected turnover. In terms of profitability, management confirms that it is aiming for an improvement in H2 compared to H1, as in previous years. Pre-Covid, Equasens posted current operating margin levels above 27% in H2 (27.1% in 2017, 28.2% in 2018, 27.2% in 2019). The start of the Ségur contribution associated with external expenses less penalized by exceptional events related to the promotion of Equasens in place of Pharmagest, therefore confirms our expectation of a margin of 26.3% over the year, i.e. 27.7% in H2.

Conclusion.

Equasens continues to "unroll" and presents excellent visibility at all levels. Its only short-term handicap is on the stock market in the sense that in a context of rising rates, "tech" stocks are neglected. Adding to that logically high valuation ratios, it creates some latency. Also, it is possible that a certain heaviness will remain in the months to come, which offers very interesting entry points from a long-term perspective.

Target Price.

The sharp rise in the 10-year OAT (+1 pt since early August) and the market risk premium (+0.4 pt) has a very negative impact on the DCF approach with a price target reduced to €90 versus €112.4. With peers we are at €80.9 vs. €81.6.

Here we can clearly see the negative effects of the rise in rates for "tech" stocks in terms of valuation.

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IMPORTANT: Please refer to the last page of this report for warnings.

BUY

H1 Results + Contact

Eligible PEA

TARGET

€ 87.3

PREVIOUS

€ 103.1

PRICE (9/22/22)

€ 70.2

POTENTIAL

+ 24.4%

MARKET CAP.

€ 1 065m

FREE FLOAT

€ 258m

Ratios	2022e	2023e	2024e
EV/Sales	4,7	4,7	4,2
EV/EBIT	18,0	18,0	15,9
P/E	20,3	20,3	20,4
P/CF	21,3	21,3	21,6
Dividend Yield	2,0%	2,0%	2,1%

Data per share	2021	2022e	2023e	2024e
EPS	2,60	3,46	3,44	3,66
%Change	27%	33%	-1%	6%
FCF	2,45	2,68	2,99	3,09
%Change	35%	9%	12%	3%
Dividend	1,05	1,39	1,38	1,46

Income Statement (€m)	2021	2022e	2023e	2024e
Net Sales	193,1	214,7	233,6	248,7
%Change	12,4%	11,2%	8,8%	6,5%
Gross Margin	156,2	172,9	189,2	201,4
% Sales	80,9%	80,5%	81,0%	81,0%
EBITDA	62,2	67,4	74,5	79,3
% Sales	32,2%	31,4%	31,9%	31,9%
EBIT	50,5	56,5	62,5	66,4
% Sales	26,1%	26,3%	26,7%	26,7%
Net Result	41,2	52,6	52,2	55,5
% Sales	21,3%	24,5%	22,3%	22,3%

Cash Flow Statement (€m)	2021	2022e	2023e	2024e
FCF	37,2	40,6	45,4	47,0
Net Debt	-25,2	-49,4	-73,7	-99,8
Shareholder Equity	165,2	202,1	233,2	267,9
Gearing	-15%	-24%	-32%	-37%
ROCE	31%	30%	29%	27%

Shareholders

Marque Verte Santé	60,5%
La Coopérative Welcoop	6,1%
Founders	2,7%
Auto Control	1,5%
Free Float	29,2%

Performances	2022	3m	6m	1 Year
Equasens	-25,1%	-6,6%	-14,0%	-27,4%
CAC Mid&Small	-21,1%	-7,7%	-18,4%	-19,4%
12 months Low-High	67,00	103,0		

Liquidity	2022	3m	6m	1 Year
Cumulative volume (000)	1 012	205	586	1 622
% of capital	6,7%	1,4%	3,9%	10,7%
% of Free Float	27,7%	5,6%	16,0%	44,3%
€ Million	80,9	16,3	47,3	137,4

Next Event

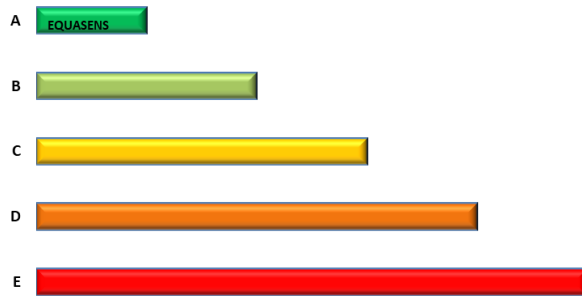
Q3 Sales : November, 9

GreenSome has signed a research contract with Equasens

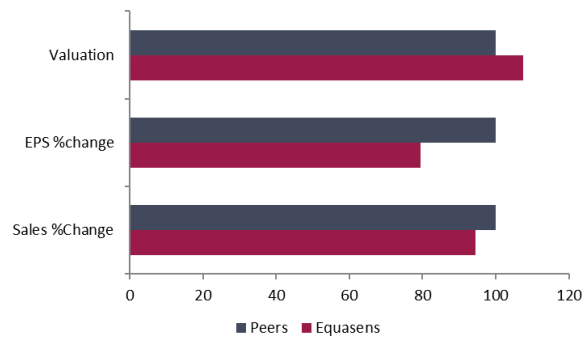
Snapshot EQUASENS

EQUASENS is the French leader in computational informatics with 44% of market share. With more than 1,100 employees, the EQUASENS's strategy revolves around a core business, IT innovation in the service of healthcare and the development of two priority areas: 1 / services and technologies for patients and health professionals, including support for the pharmacist in monitoring adherence; 2 / Technology areas that can improve the efficiency of health systems. EQUASENS has developed specialized professions: computational informatics, solutions for e-Health, solutions for health professionals, solutions for pharmaceutical laboratories, applications and connected health objects, marketplace in sales financing ... These activities are divided into 5 Divisions: Pharmegest, Axigate Link, E-Connect, Fintech and Medical Soft.

Fondamental Matrix



Investment Profile



Price Target and Rating History

DATE	TYPE	OPINION	PRICE	TARGET PRICE
3/8/22	Q2 Sales	Buy	€ 84.2	€ 103.1
5/12/22	Q1 Sales	Buy	€ 75.2	€ 112.7
4/25/22	2021 Annual Results	Buy	€ 82.9	€ 112.7
2/4/22	2021 Annual Sales	Buy	€ 77.1	€ 124.8
11/10/21	Q3 Sales	Buy	€ 102.4	€ 143.2
9/30/21	Acquisition	Buy	€ 95.6	€138.7
9/27/21	H1 Results	Buy	€ 98.1	€ 138.7

Financial Data

Income Statement (€ m)	2019	2020	2021	2022e	2023e	2024e
Revenues	158,6	171,8	193,1	214,7	233,6	248,7
Purchase	29,9	32,2	36,9	41,9	44,4	47,3
Gross Margin	128,6	139,5	156,2	172,9	189,2	201,4
Externals costs	20,4	20,2	22,4	27,3	28,3	30,1
Personnals Costs	56,3	60,9	68,7	73,9	81,8	90,5
EBITDA	49,0	55,0	62,2	67,4	74,5	79,3
Amortization	8,1	9,1	12,3	10,5	11,7	12,4
other	0,0	0,8	0,5	0,0	0,0	0,0
EBIT	40,8	46,7	50,5	56,5	62,5	66,4
Financial Result	1,5	0,8	0,3	1,2	1,8	2,3
Tax	13,3	13,4	10,6	5,2	12,1	13,2
Net Result	29,0	32,7	41,2	52,6	52,2	55,5
Group Net Result	28,4	30,7	39,1	49,4	49,1	0,1

Balance Sheet (€ m)	2019	2020	2021	2022e	2023e	2024e
Fixed Assets	160,5	184,9	207,7	221,0	229,7	239,9
Stock Inventories	4,4	6,8	8,9	8,9	9,7	10,4
Accounts Receivable	34,6	31,8	37,4	41,8	45,4	48,4
Other Currents Assests	8,0	9,0	11,2	11,9	13,0	13,8
Cash & Equivalent	50,6	63,3	64,8	78,9	93,3	109,4
TOTAL Assets	258,1	295,8	330,0	362,6	391,2	421,8
Shareholders' Equity	131,9	149,0	165,2	202,1	233,2	267,9
Provisions	4,6	5,3	5,5	5,9	6,4	6,8
Financial Debt	57,5	71,8	84,1	74,1	64,1	54,1
Accounts Payables	13,4	14,2	16,3	17,9	19,5	20,7
Others Liabilities	47,6	49,3	54,3	59,6	64,9	69,1
TOTAL Liabilitites	258,1	295,8	330,0	362,6	391,2	421,8

Cash Flow Statements (€ m)	2019	2020	2021	2022e	2023e	2024e
Cash Flow from Operating Activities	35,8	42,0	50,0	49,4	54,5	57,0
Change in Net Working Capital	4,9	5,2	-2,5	0,9	1,4	1,1
Cash Flow from Operations	40,7	47,2	47,5	50,3	55,9	58,1
Cash Flow from Investing	-16,3	-19,6	-10,3	-9,7	-10,5	-11,2
Capital Increase	-13,3	-13,3	-20,1	-16,5	-21,0	-20,9
Funding Flow	-4,8	17,8	10,3	-10,0	-10,0	-10,0
Cash Flow from Financing	-34,8	-15,4	-35,7	-26,5	-31,0	-30,9
Net Change in cash position	-10,5	12,2	1,6	14,1	14,4	16,1

RATIOS	2019	2020	2021	2022e	2023e	2024e
Gross Margin	81,1%	81,2%	80,9%	80,5%	81,0%	81,0%
Ebitda Margin	30,9%	32,0%	32,2%	31,4%	31,9%	31,9%
EBIT Margin	25,8%	27,2%	26,1%	26,3%	26,7%	26,7%
Net Margin	18,3%	19,0%	21,3%	24,5%	22,3%	22,3%
ROE	22,0%	21,9%	24,9%	26,0%	22,4%	20,7%
ROCE	32,9%	33,0%	31,4%	30,0%	28,9%	27,1%
Gearing	-33,2%	-24,1%	-15,3%	-24,4%	-31,6%	-37,3%
FCF per share	1,6	1,8	2,5	2,7	3,0	3,1
EPS (€)	1,9	2,0	2,6	3,5	3,4	3,7
Dividend per share (€)	0,9	1,0	1,1	1,4	1,4	1,5
Dividen Yield	1,3%	1,4%	1,5%	2,0%	2,0%	2,1%
Distribution rate	47,2%	46,8%	43,7%	38,3%	40,0%	40,0%

GreenSome Finance Estimates

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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