

EQUASENS

Euronext A – FR0012882389 – EQS

- ✓ **2nd best H1 in terms of organic growth in 8 years!**
 - Q2 revenue €56.4m +4% (+8.4% expected)
 - H1 revenue €112.6m +8.7% (+11.1% expected)
 - Ségur contribution Q1 €1.4m / Q2 €1.2m

After growth of 14% in the 1st quarter, Equasens posted growth of +4% in the 2nd quarter and achieved its second-best growth in 8 years during H1 at constant scope (+8.7%).

The difference compared to our forecasts is mainly due to **Pharmagest**, whose activity increased in Q2 by +2.6% to €41.4 million after an exceptional increase of +16.2% in Q1. The latter had benefited 1/ from a more favorable base effect, 2/ from the dynamism of the electronic labels market (+4%/+5% contribution), 3/ from the launch of new software solutions in Italy and 4/ from the reorganization carried out in 2022 of the ASCA sales force. We estimate that on an annual basis, Pharmagest's turnover should be between €168m and €170m, which represents an increase of between +7.5% and +8.5%.

e-Connect does the opposite of Pharmagest with an increase in its activity of +17% in Q2 (€4.1m) after +3% in Q1 (€4m). Over the half-year, the increase is +10% to €8.1 million.

After 3 complicated quarters in terms of the supply of electronic components, especially Q3 and Q4 2022, the group has managed to return to a normal situation. There is therefore a catch-up effect. This element, combined with a favorable base effect in H2, could make it the most dynamic division of the group over the second half of the year. We expect an annual turnover between 16 and 17 M€.

Axigate Link posted more consistent growth from one quarter to the next: Q1 +7.1% (€7.2m) / Q2 +5% (€7.7m) knowing that Q2 suffered from a base effect linked to a strong recovery in Home Hospital business in Q2 2022. Growth over the half-year was +6% at €14.9m. We are expecting a turnover of between €31m and €32m over the year.

Medical Solutions is the most dynamic division of the semester with an increase of +12.6% (€4.9m) but slows down in Q2 with +4.3% vs +24.2% in Q1 due to an effect base, again, unfavorable. Over the year we are aiming for between €9m and €10m. It should be remembered that ICT, which develops solutions for MEDILINK Homes and Health Centers, was integrated into Médical Solutions at the start of the year, whereas previously it was part of Axigate Link. The contribution in business volume is around €2 million over the half-year according to our estimates.

Fintech, for its part, was almost stable over the half-year (+3% to €1.1 million) but regained some growth in Q2 (+5%). It continues to suffer from the context of rising interest rates and posted sales in line with our expectations.

Ultimately, if we consider the historical weight of H1 at group level and by division in annual turnover, turnover in 2023 should oscillate between €228m and €231.5m. The Ségur effect should also be considered. Last year, the contribution was €7 million, mainly in H2, which benefited Pharmagest, Axigate Link and Medical Solutions. Also, the base effect will be less favorable in H2 2023.

Outlook.

Management confirms growth in the second half, helped by the release of new products in all divisions. Moreover, backed by a very solid balance sheet, Equasens will continue its consolidation policy. The latter may be like the operations carried out in April, which are more "technological bricks" or more structuring in terms of activities due to their maturity. The group is open to any opportunity and has the means.

Opinion & Price target: Purchase – €94.6 (DCF €96.6 - peers €90) vs €96

The game of quarterly publications can sometimes distort the reading of company results. This Q2 is an example of this, just as Q3 2021, Q4 2020 or Q3 2019 could be, with levels of progress very far from the following or previous quarter. Also, in sequence, it is preferable to focus on the semester that better draws the annual trend and erases the "lag or seasonal effects" more. Also, Equasens publishes a very good H1, in line with our previous expectations. We are just opting to be a little more cautious (dropping our expectation from 1.9% to €228.6 million) in view of a lower Ségur contribution than in 2022 and the general context which induces more caution in terms of investments. Moreover, this could offer great opportunities in terms of consolidation and at certainly more attractive prices.

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

BUY

Q2 Sales + Contact

Eligible PEA

TARGET
€ 94.6

PREVIOUS
€ 96

PRICE (8/3/23)
€ 82.2

POTENTIAL
+ 15.1%

MARKET CAP.
€ 1 247m

FREE FLOAT
€ 300m

Ratios	2023e	2024e	2025e
EV/Sales	5,1	4,6	4,1
EV/EBIT	19,0	17,5	15,8
P/E	24,9	23,4	22,0
P/CF	20,3	19,0	17,9
Dividend Yield	1,5%	1,5%	1,5%

Data per share	2022	2023e	2024e	2025e
EPS	3,21	3,31	3,51	3,74
%Change	23%	3%	6%	7%
FCF	3,09	3,82	3,68	3,90
%Change	26%	23%	-4%	6%
Dividend	1,15	1,21	1,21	1,21

Income Statement (€m)	2022	2023e	2024e	2025e
Net Sales	214,1	228,6	245,3	261,2
%Change	10,9%	6,8%	7,3%	6,5%
Gross Margin	173,3	185,2	198,7	211,6
% Sales	81,0%	81,0%	81,0%	81,0%
EBITDA	68,3	73,6	78,7	82,4
% Sales	31,9%	32,2%	32,1%	31,5%
EBIT	56,8	60,9	64,2	68,3
% Sales	26,5%	26,6%	26,2%	26,1%
Net Result	48,6	50,2	53,2	56,7
% Sales	22,7%	22,0%	21,7%	21,7%

Cash Flow Statement (€m)	2022	2023e	2024e	2025e
FCF	46,9	57,9	55,8	59,1
Net Debt	-48,1	-88,6	-126,0	-166,8
Shareholder Equity	196,8	229,5	264,4	302,8
Gearing	-24%	-39%	-48%	-55%
ROCE	19%	21%	22%	24%

Shareholders

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

Performances	2023	3m	6m	1 Year
Equasens	10,0%	14,5%	3,1%	-2,4%
CAC Mid&Small	3,0%	-2,5%	-6,1%	-0,8%
12 months Low-High	57,80	85,8		

Liquidity	2023	3m	6m	1 Year
Cumulative volume (000)	557	245	470	916
% of capital	3,7%	1,6%	3,1%	6,0%
% of Free Float	15,2%	6,7%	12,8%	25,1%
€ Million	43,1	19,5	36,3	69,3

Next Event

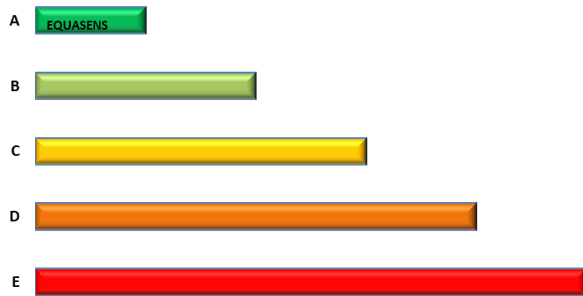
H1 Results : september, 29

GreenSome has signed a research contract with Equasens

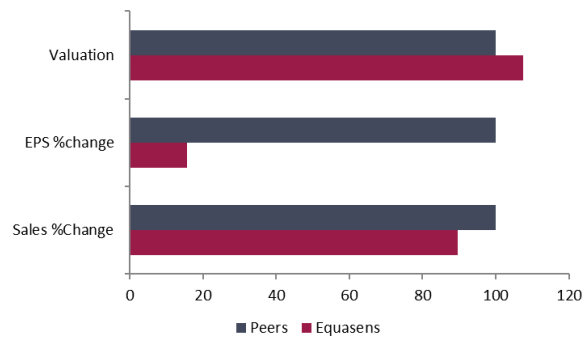
Snapshot EQUASENS

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
5/11/23	Q1 SaLES	Buy	€ 75.9	€96
4/6/23	Acquisitions	Buy	€ 70.7	€ 92.9
3/24/23	Annual Results	Buy	€ 73.7	€ 92.9
2/3/23	2022 Annual Sales	Buy	€ 79.7	€ 92.9
11/10/22	Q3 Sales	Buy	€ 70.9	€ 87.3
9/22/22	H1 Results	Buy	€ 70.2	€ 87.3
3/8/22	Q2 Sales	Buy	€ 84.2	€ 103.1

Financial Data

Income Statement (€ m)	2019	2020	2021	2022	2023e	2024e
Revenues	158,6	171,8	193,1	214,1	228,6	245,3
Purchase	29,9	32,2	36,9	40,7	43,4	46,6
Gross Margin	128,6	139,5	156,2	173,3	185,2	198,7
Externals costs	20,4	20,2	22,4	27,8	27,9	30,4
Personnals Costs	56,3	60,9	68,7	74,2	80,0	85,6
EBITDA	49,0	55,0	62,2	68,3	73,6	78,7
Amortization	8,1	9,1	12,3	13,5	12,6	14,5
other	0,0	0,8	0,5	2,0	0,0	0,0
EBIT	40,8	46,7	50,5	56,8	60,9	64,2
Financial Result	1,5	0,8	0,3	0,9	0,7	1,4
Tax	13,3	13,4	10,6	6,2	11,4	12,4
Net Result	29,0	32,7	41,2	48,6	50,2	53,2
Group Net Result	28,4	30,7	39,1	46,4	47,9	50,8

Balance Sheet (€ m)	2019	2020	2021	2022	2023e	2024e
Fixed Assets	160,5	184,9	207,7	213,6	213,4	212,5
Stock Inventories	4,4	6,8	8,9	9,3	9,5	10,2
Accounts Receivable	34,6	31,8	37,4	46,5	44,4	47,7
Other Currents Assests	8,0	9,0	11,2	13,3	12,7	13,6
Cash & Equivalentes	50,6	63,3	64,8	68,0	98,5	125,9
TOTAL Assets	258,1	295,8	330,0	350,8	378,5	410,0
Shareholders' Equity	131,9	149,0	165,2	196,8	229,5	264,4
Provisions	4,6	5,3	5,5	5,6	6,3	6,7
Financial Debt	57,5	71,8	84,1	66,7	56,7	46,7
Accounts Payables	13,4	14,2	16,3	16,8	19,0	20,4
Others Liabilities	47,6	49,3	54,3	61,2	63,5	68,1
TOTAL Liabilitites	258,1	295,8	330,0	350,8	378,5	410,0

Cash Flow Statements (€ m)	2019	2020	2021	2022	2023e	2024e
Cash Flow from Operating Activities	35,8	42,0	50,0	62,6	61,4	65,6
Change in Net Working Capital	4,9	5,2	-2,5	-5,6	6,8	1,3
Cash Flow from Operations	40,7	47,2	47,5	57,0	68,2	66,8
Cash Flow from Investing	-16,3	-19,6	-10,3	-10,1	-10,3	-11,0
Capital Increase	-13,3	-13,3	-20,1	-17,5	-17,5	-18,3
Funding Flow	-4,8	17,8	10,3	-20,8	-10,0	-10,0
Cash Flow from Financing	-34,8	-15,4	-35,7	-46,5	-27,5	-28,3
Net Change in cash position	-10,5	12,2	1,6	0,3	30,4	27,5

RATIOS	2019	2020	2021	2022	2023e	2024e
Gross Margin	81,1%	81,2%	80,9%	81,0%	81,0%	81,0%
Ebitda Margin	30,9%	32,0%	32,2%	31,9%	32,2%	32,1%
EBIT Margin	25,8%	27,2%	26,1%	26,5%	26,6%	26,2%
Net Margin	18,3%	19,0%	21,3%	22,7%	22,0%	21,7%
ROE	22,0%	21,9%	24,9%	24,7%	21,9%	20,1%
ROCE	32,9%	18,5%	17,5%	18,6%	20,7%	22,0%
Gearing	-33,2%	-24,1%	-16,7%	-24,4%	-38,6%	-47,7%
FCF per share	1,6	1,8	2,5	3,1	3,8	3,7
EPS (€)	1,9	2,0	2,6	3,2	3,3	3,5
Dividend per share (€)	0,9	1,0	1,1	1,2	1,2	1,2
Dividen Yield	1,1%	1,2%	1,3%	1,4%	1,5%	1,5%
Distribution rate	47,2%	46,8%	43,7%	38,3%	35,9%	36,5%

GreenSome Finance Estimates

Rating Definition

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

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Corporate Finance operation in progress or completed during the last 12 months	GreenSome Consulting and affiliate owns common equity securities of this subject company	Financial Analysis Contract	Notice to the company before publication	Liquidity Contract	Liquidity Provider
NO	NO	YES	YES	NO	NO

Warnings

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