

EQUASENS

Euronext A – FR0012882389 – EQS

✓ **Equasens consolidates its balance sheet.**

- H1 turnover €112.6m +8.7%
- Ebit €27.5m +6.9% (margin 24.5%)
- Net result €22.9m +9.2% (margin 20.3%)
- Change in cash flow +€26.3m / gearing -39.7% vs -28.6% as of 12/31

After achieving the second strongest growth in 8 years during H1 at constant scope in terms of its turnover, Equasens publishes its best net margin for a 1st half at 20.3%. This excellent performance is accompanied by net cash generation of +€26.3 million which is also a record. This is explained by a still very high level of operational profitability (24.5% vs. 24.9% in H1 2022) but also by a particularly favorable WCR effect (+€19.1 million) while the group continues its policy investments (operating investments €6.2 million +39% / financial investments €5.4 million). Equasens thus displays a net financial debt of -€80.2 million vs. -€56.3 million as of 12/31 and -€45.5 million in H1 2022.

By divisions: Pharmagest achieves operational profitability of 22% +0.1 point, Axigate Link of 30.9% -1.6-point, E-Connect of 44.5% stable, Médical Solutions of 26.7% (-1.3 point).

The decline in profitability of Axigate Link is explained by the strengthening of the teams in Belgium and England to accelerate the deployment of SaaS solutions, which will increase the recurrence of the activity. In this sense, for Pharmagest, management indicates benefiting from “a strong increase in its recurring turnover”. For the record, two years ago 66% of turnover was considered recurring and 68% for gross margin.

E-Connect, which managed to return to a normal situation in terms of component supplies in Q2, consolidated its margin at a very high level while the group has undertaken “notable efforts” to promote Noviacaire (home support device). These efforts should be favorable in H2 both in terms of activity and margin in our opinion.

Médical Solutions, of which ICT joined the scope just like Pratilog and Speech2Sense, in turn integrates a part of its turnover as recurring. These latest acquisitions probably played a part in the slight decline in profitability while the integration was definitively completed.

Outlook.

Management once again confirms continued growth in the second half of the year and makes the integration of acquisitions made in H1 a priority. As usual, the objective is to deploy the acquired technological bricks to the maximum number of solutions already marketed and deployed.

In terms of results, Equasens publishes a half-year result in line with our expectations in terms of operational profitability. If we consider that H1 represents on average 46% of the annual operating profit based on the last 6 financial years, then the “landing” should be around €60 million. We are expecting €60.9 million.

Concerning the net result, the group is ahead of our forecasts thanks to cash income of +€1.92 M vs +€0.77 M in H1 2022 and +€1.61 M as of 12/31/ 22. In addition, the cost of financial debt fell to -€0.81 million compared to -€1.38 million as of 06/30/22.

Opinion & Price target confirmed: Buy – €94.6

Equasens confirms its solidity and offers visibility in terms of its ability to find growth while maintaining a high level of profitability. To repeat, the strong recurrence of its income makes it an almost “defensive” stock. Furthermore, the solidity of its balance sheet offers it significant room for maneuver within its consolidation strategy, which is also a major asset.

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BUY

H1 Results + Contact

Eligible PEA

TARGET
€ 94.6

PREVIOUS
€ 94.6

PRICE (9/29/23)
€ 72.9

POTENTIAL
+ 30%

MARKET CAP.
€ 1 106m

FREE FLOAT
€ 266m

Ratios	2023e	2024e	2025e
EV/Sales	4,4	4,0	3,6
EV/EBIT	16,7	15,2	13,7
P/E	22,3	21,0	19,6
P/CF	18,0	16,8	15,8
Dividend Yield	1,7%	1,7%	1,7%

Data per share	2022	2023e	2024e	2025e
EPS	3,21	3,26	3,47	3,71
%Change	23%	2%	6%	7%
FCF	3,09	3,83	3,69	3,90
%Change	26%	24%	-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	73,4	78,7	83,9
% Sales	31,9%	32,1%	32,1%	32,1%
EBIT	56,8	60,9	64,2	68,3
% Sales	26,5%	26,6%	26,2%	26,1%
Net Result	48,6	49,5	52,7	56,4
% Sales	22,7%	21,7%	21,5%	21,6%

Cash Flow Statement (€m)	2022	2023e	2024e	2025e
FCF	46,9	58,1	56,0	59,2
Net Debt	-56,3	-91,1	-128,7	-169,6
Shareholder Equity	196,8	228,5	262,9	300,9
Gearing	-29%	-40%	-49%	-56%
ROCE	19%	20%	22%	23%

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	-2,4%	-13,9%	-1,5%	19,7%
CAC Mid&Small	-1,6%	-5,4%	-7,1%	11,4%
12 months Low-High	57,80	85,8		

Liquidity	2023	3m	6m	1 Year
Cumulative volume (000)	722	243	471	947
% of capital	4,8%	1,6%	3,1%	6,2%
% of Free Float	19,7%	6,6%	12,9%	25,9%
€ Million	55,4	18,8	36,3	71,3

Next Event

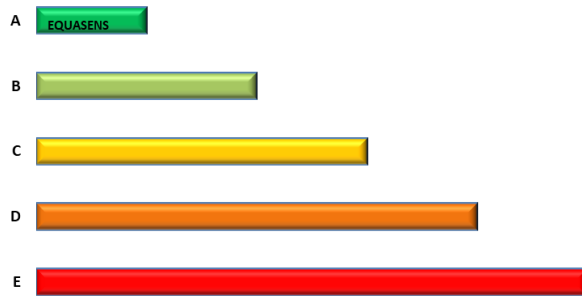
Q3 Sales : November, 9

GreenSome has signed a research contract with Equasens

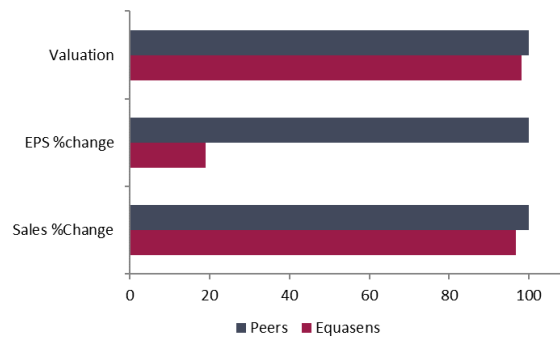
Snapshot EQUASENS

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
8/3/23	Q2 Sales	Buy	€ 82.2	€ 94.6
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

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	28,0	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	73,4	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	1,0	1,8
Tax	13,3	13,4	10,6	6,2	11,2	12,2
Net Result	29,0	32,7	41,2	48,6	49,5	52,7
Group Net Result	28,4	30,7	39,1	46,4	47,3	50,3

Balance Sheet (€ m)	2019	2020	2021	2022	2023e	2024e
Fixed Assets	160,5	184,9	207,7	213,6	218,0	216,5
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	92,8	120,5
TOTAL Assets	258,1	295,8	330,0	350,8	377,5	408,5
Shareholders' Equity	131,9	149,0	165,2	196,8	228,5	262,9
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	377,5	408,5

Cash Flow Statements (€ m)	2019	2020	2021	2022	2023e	2024e
Cash Flow from Operating Activities	35,8	42,0	50,0	62,6	61,6	65,8
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	68,4	67,0
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	-17,9	-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	-33,3	-28,3
Net Change in cash position	-10,5	12,2	1,6	0,3	24,8	27,7

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%	32,1%	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%	21,7%	21,5%
ROE	22,0%	21,9%	24,9%	24,7%	21,7%	20,1%
ROCE	32,9%	18,5%	17,5%	18,6%	20,2%	21,6%
Gearing	-33,2%	-24,1%	-16,7%	-28,6%	-39,9%	-49,0%
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	1,2%	1,3%	1,4%	1,6%	1,7%	1,7%
Distribution rate	47,2%	46,8%	43,7%	38,3%	36,8%	37,0%

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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