

EQUASENS

Euronext A – FR0012882389 – EQS

✓ The Ségur disrupts the market

- ✓ Q3 revenue stable at €50.1 million / 9 months +6% at €153.7 million.
 - o Pharmagest Q3 -1% (€36.8 million) / 9 months +6%;
 - o Axigate Link Q3 +6% (€7.4 million) / 9 months +6%;
 - o E-Connect Q3 +23% (€3.6 million) / 9 months +13%;
 - o Medical Solutions -24% (€1.8 million) / 9 months +0%;
- ✓ Acquisition to come by the end of the year.

Equasens was the first player to be referenced and deploy "Ségur" products last year for an amount of €7 million, mainly concentrated in Q4 2022. Axigate Link and Medical Solutions started benefiting from it in August 2022, and Pharmagest in Q4 2022. This year, the Ségur effect had a positive impact of €2 million in H1. It is also worth noting that the group concentrated all its efforts to offer 7 "Ségur" solutions to its clients, which delayed the development of new updates and products, and consequently, their commercial deployment. The Ségur, which demonstrated Equasens' adaptability and skills, thus disrupts the evolution of the group's activity in the second half of 2023.

In addition, a new element negatively affects Pharmagest's activity, a significant reduction in investments in "ancillary" products by pharmacies. This is linked to the fact that for several months, they have been under pressure on their margin due to:

1/ Increased difficulties in obtaining generic drugs from their usual partners and therefore under negotiated conditions,

2/ A loss on COVID vaccines and COVID tests. The decline in margin is estimated at 19.6% to €4.6 billion (Le Figaro article dated 7/11/23). The Mission on the Regulation of Health Products estimated that the COVID effect allowed the profitability of pharmacies to "increase by more than 12% for half of them, more than 13% for the top 10%, and more than 30% for the bottom 10%" in 2020-21,

3/ Fees per act that do not completely absorb the effects of inflation, especially in terms of wages, with a 4.5% increase in payroll, costing €1 billion in margin (source: French Federation of Pharmaceutical Unions).

These elements largely explain the decline in the activities of Pharmagest and Medical Solutions. However, Axigate Link, which also benefited from the Ségur, maintains the pace observed in H1, with a 5.7% increase in activity in Q3 after +7.1% in Q1 and +5% in Q2. This is partly due to the significant growth of TITANLINK in Belgium. Finally, note the excellent performance of E-Connect with an acceleration of +20% in Q3 after +7.1% in Q1 and +17.1% in Q2. E-Connect benefits from a catch-up effect since the components are available, especially for mobility offers.

Outlook:

The management indicates aiming for a growth level for Axigate Link and E-Connect equivalent to the current one, i.e., 6% for Axigate Link and 15% for E-Connect for the year. Medical Solutions will continue to suffer from the Ségur effect, as will Pharmagest. However, with resources being released once the Ségur products are developed, we should see a recovery in some segments in Q4 thanks to new solutions. We therefore marginally adjust our annual revenue target to €227 million vs €228.6 million, which represents a 6% increase. This remains a good performance in an environment where benchmarks have been distorted by the Ségur, and pharmacies need to return to "pre-COVID" operating modes. In terms of profitability, the impact of reduced investments by pharmacies will not be negative because the products on which they are reducing their investments (electronic labels, for example) are less profitable than software solutions.

Furthermore, in its 2023 outlook, the management announces that "the group remains attentive to external growth opportunities in France and Europe." Since we are talking about the 2023 outlook, this means that an acquisition should take place before the end of the year.

Opinion & Target: Buy - €94.6

Arnaud Riverain

+ 33 (0)6 43 87 10 57

arivain@greensome-finance.com

BUY

Q3 Sales + Contact

Eligible PEA

TARGET
€ 94.6

PREVIOUS
€ 94.6

PRICE (9/29/23)
€ 69.1

POTENTIAL
+ 37%

MARKET CAP.
€ 1 048m

FREE FLOAT
€ 253m

Ratios	2023e	2024e	2025e
EV/Sales	4,2	3,8	3,4
EV/EBIT	15,8	14,4	13,0
P/E	21,3	20,0	18,7
P/CF	17,1	16,0	15,1
Dividend Yield	1,7%	1,7%	1,7%

Data per share	2022	2023e	2024e	2025e
EPS	3,21	3,25	3,45	3,69
%Change	23%	1%	6%	7%
FCF	3,09	3,80	3,67	3,88
%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	227,0	243,6	259,5
%Change	10,9%	6,0%	7,3%	6,5%
Gross Margin	173,3	183,9	197,3	210,2
% Sales	81,0%	81,0%	81,0%	81,0%
EBITDA	68,3	72,4	77,6	82,7
% Sales	31,9%	31,9%	31,8%	31,9%
EBIT	56,8	60,5	63,8	67,8
% Sales	26,5%	26,7%	26,2%	26,2%
Net Result	48,6	49,3	52,4	56,0
% Sales	22,7%	21,7%	21,5%	21,6%

Cash Flow Statement (€m)	2022	2023e	2024e	2025e
FCF	46,9	57,7	55,7	58,9
Net Debt	-56,3	-90,6	-128,0	-168,6
Shareholder Equity	196,8	228,2	262,3	300,0
Gearing	-29%	-40%	-49%	-56%
ROCE	19%	20%	21%	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	-8,0%	-13,6%	-5,9%	-3,1%
CAC Mid&Small	-4,7%	-8,1%	-10,0%	-1,8%
12 months Low-High	62,70	85,8		

Liquidity	2023	3m	6m	1 Year
Cumulative volume (000)	877	301	548	989
% of capital	5,8%	2,0%	3,6%	6,5%
% of Free Float	24,0%	8,2%	15,0%	27,0%
€ Million	65,9	21,3	41,2	74,2

Next Event

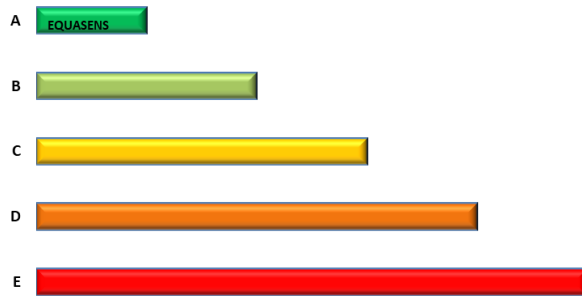
Annual Sales : February, 6

GreenSome has signed a research contract with Equasens

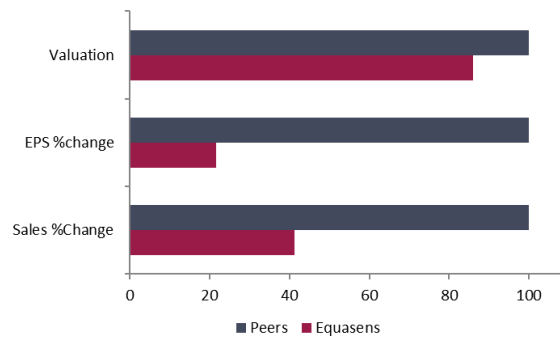
Snapshot EQUASENS

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
9/29/23	H1 Results	Buy	€ 72.9	€ 94.6
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

Financial Data

Income Statement (€ m)	2019	2020	2021	2022	2023e	2024e
Revenues	158,6	171,8	193,1	214,1	227,0	243,6
Purchase	29,9	32,2	36,9	40,7	43,1	46,3
Gross Margin	128,6	139,5	156,2	173,3	183,9	197,3
Externals costs	20,4	20,2	22,4	27,8	27,8	30,2
Personnals Costs	56,3	60,9	68,7	74,2	80,0	85,6
EBITDA	49,0	55,0	62,2	68,3	72,4	77,6
Amortization	8,1	9,1	12,3	13,5	12,5	14,4
other	0,0	0,8	0,5	2,0	0,0	0,0
EBIT	40,8	46,7	50,5	56,8	60,5	63,8
Financial Result	1,5	0,8	0,3	0,9	1,0	1,7
Tax	13,3	13,4	10,6	6,2	11,1	12,1
Net Result	29,0	32,7	41,2	48,6	49,3	52,4
Group Net Result	28,4	30,7	39,1	46,4	47,0	50,1

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	44,1	47,4
Other Currents Assests	8,0	9,0	11,2	13,3	12,6	13,5
Cash & Equivalentents	50,6	63,3	64,8	68,0	92,4	119,7
TOTAL Assets	258,1	295,8	330,0	350,8	376,6	407,2
Shareholders' Equity	131,9	149,0	165,2	196,8	228,2	262,3
Provisions	4,6	5,3	5,5	5,6	6,2	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	18,9	20,3
Others Liabilities	47,6	49,3	54,3	61,2	63,1	67,7
TOTAL Liabilitites	258,1	295,8	330,0	350,8	376,6	407,2

Cash Flow Statements (€ m)	2019	2020	2021	2022	2023e	2024e
Cash Flow from Operating Activities	35,8	42,0	50,0	62,6	61,2	65,4
Change in Net Working Capital	4,9	5,2	-2,5	-5,6	6,7	1,2
Cash Flow from Operations	40,7	47,2	47,5	57,0	67,9	66,6
Cash Flow from Investing	-16,3	-19,6	-10,3	-10,1	-10,2	-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	24,4	27,3

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%	31,9%	31,8%
EBIT Margin	25,8%	27,2%	26,1%	26,5%	26,7%	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%	21,6%	20,0%
ROCE	32,9%	18,5%	17,5%	18,6%	20,1%	21,5%
Gearing	-33,2%	-24,1%	-16,7%	-28,6%	-39,7%	-48,8%
FCF per share	1,6	1,8	2,5	3,1	3,8	3,7
EPS (€)	1,9	2,0	2,6	3,2	3,2	3,5
Dividend per share (€)	0,9	1,0	1,1	1,2	1,2	1,2
Dividen Yield	1,3%	1,4%	1,5%	1,7%	1,7%	1,7%
Distribution rate	47,2%	46,8%	43,7%	38,3%	36,8%	37,2%

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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