

EQUASENS

Euronext A – FR0012882389 – EQS

✓ **Equasens establishes a presence in Germany**

✓ **Acquisition of ADV in partnership with ARZ HAAN.**

Equasens has acquired 100% of the independent German software publisher ADV (Apotheken Datenverarbeitung GmbH), which develops two software programs (GAWIS and Optipharm) used by 400 pharmacies in Germany out of a total of 17,500, all without a dedicated sales force. To facilitate this acquisition, Equasens has established the holding company Equasens Germany, of which it owns 94%. The remaining 6% is held by ARZ HAAN, a leading player in the German healthcare market. ARZ HAAN serves over 17,000 clients, including 4,000 pharmacies, and employs 1,000 staff. As of the end of 2022, Equasens had approximately 1,240 employees.

ARZ HAAN caters to various healthcare sector stakeholders, such as pharmacies, dentists, medical service providers, and medical aid providers, as well as care facilities and ambulatory services. It is a major service provider in billing, financial services, and software solutions, with a 2022 turnover of €75.1 million and a profit of €4.3 million. Although it sold its primary health software, Lauer Fischer, to CGM in 2011. ARZ HAAN, now specialized in financing, retains historical technological expertise.

Beyond the operational foothold provided by ADV in Germany, the real potential lies in the opportunity to establish connections with ARZ HAAN, presenting significant prospects for deploying Equasens' offerings.

Regarding ADV, no financial details have been provided. In 2021, equity was €330,000, fixed assets amounted to €1 million, and cash reserves were €650,000.

Conclusion:

In our opinion, the major development is not the acquisition of ADV but rather the fact that ARZ is a shareholder in Equasens Germany. This strategic move should enable Equasens to more easily penetrate the relatively closed German market. Beyond the likely technological appeal of ADV and its development without a dedicated sales force, it could be metaphorically described as a Trojan horse.

Through this operation, Equasens finally enters the German market, which should act as a growth catalyst given its size. This will be facilitated by the proximity created with ARZ.

Opinion & Target Price: Buy – €94.6

From a stock market perspective, the share experienced a severe correction following the release of its Q3 results. The drop was 18%, with over 69,000 shares traded, compared to the daily average of 4,200. This sharp reaction stems from market disappointment due to the stability of Q3 activities and a "downcast" atmosphere regarding the pharmacy sector. In response, some analysis firms have lowered their targets for both results and stock prices. Currently, the consensus projects a 2023 revenue between €221.4 million and €227 million (source: Finbox), compared to the previous average around €232 million.

As of now, due to the decline in the share price, valuation ratios have reached very attractive levels. Nevertheless, the negative base effect in Q4 regarding the Ségur contribution in Q4 2022 could lead to a certain short-term market caution. However, within a 12–18-month perspective, the risk appears measured.

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

BUY

Q3 Sales + Contact

Eligible PEA

TARGET
€ 94.6

PREVIOUS
€ 94.6

PRICE (11/23/23)
€ 57.1

POTENTIAL
+ 65%

MARKET CAP.
€ 871m

FREE FLOAT
€ 210m

| Ratios | 2023e | 2024e | 2025e |
|----------------|-------|-------|-------|
| EV/Sales | 3,4 | 3,1 | 2,7 |
| EV/EBIT | 12,9 | 11,6 | 10,4 |
| P/E | 17,7 | 16,6 | 15,5 |
| P/CF | 14,2 | 13,3 | 12,6 |
| Dividend Yield | 2,1% | 2,1% | 2,1% |

| 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 | -23,2% | -22,4% | 23,8% | -25,5% |
| CAC Mid&Small | -2,6% | -4,3% | -7,9% | -2,3% |
| 12 months Low-High | 55,00 | 85,8 | | |

| Liquidity | 2023 | 3m | 6m | 1 Year |
|-------------------------|-------|-------|-------|--------|
| Cumulative volume (000) | 1 013 | 401 | 652 | 1 096 |
| % of capital | 6,7% | 2,6% | 4,3% | 7,2% |
| % of Free Float | 27,7% | 11,0% | 17,8% | 30,0% |
| € Million | 73,8 | 26,5 | 46,6 | 80,0 |

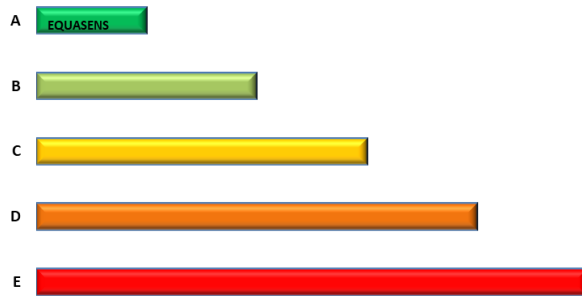
Next Event Annual Sales : February, 6

GreenSome has signed a research contract with Equasens

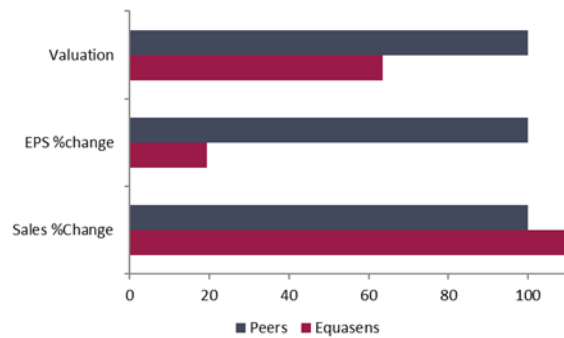
Snapshot EQUASENS

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 |
|----------|-------------------|---------|--------|--------------|
| 11/9/23 | Q3 Sales | Buy | € 69.1 | € 94.6 |
| 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 & Equivalent | 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 | 1,6% | 1,7% | 1,8% | 2,0% | 2,1% | 2,1% |
| 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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| 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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