

# EQUASENS

Euronext A – FR0012882389 – EQS

- ✓ **The Ségur, a disruptive factor**
- ✓ Group revenue €219.7 million, +2.6% vs. expected €227 million (+3.3% yoy & excluding Ségur)
  - Acquisitions contribution +€2.9 million
  - Ségur contribution +€3.2 million vs. +€7.3 million in 2022

Equasens reports annual revenue 3.2% below our expectation, 1.6% below consensus, and 0.8% below the most conservative estimate. If we had considered the average weight of each quarter in the annual revenue observed since 2011, post-Q3 2023, the estimated revenue would have been €221.7 million. This statistical element illustrates how particularly challenging Q4 was due to 1/ an unfavorable base effect related to Ségur (Q4 2022 +€4.8 million vs. +€0.2 million in Q4 2023) and 2/ a tense environment at the pharmacy level but more broadly in terms of investments. These factors made forecasting more difficult.

For instance, at the Q3 release, management anticipated continued growth levels for Axigate link and e-Connect, which were showing respective increases of +6% and +13%. Ultimately, they ended at +2.9% and +11.2%. In Q4, Axigate suffered from the end of Ségur deployment; adjusted for this, activity increased by over 15% in Q4 (+11.9% for the year). E-Connect had a more volatile year (Q1 +3% / Q4 +3.7% vs. Q2 & Q3 close to +20%).

Pharmagest, growing by +2.8% for the year, solely benefited from Ségur in Q4 2022 for €2 million vs. €0.13 million in Q4 2023. Excluding the Ségur effect and scope, Pharmagest grew by +1.5% for the year but declined by 2.4% in Q4. France is most affected by Ségur and investment delays, with activity only increasing by +1.7% for the year but decreasing by -6.1% in Q4 despite the scope effect (contributions from Atoopharm and ADV). However, the group gained 300 new pharmacies as clients, while in 2023, there were 276 closures in France according to GERS. There are now 19,966 pharmacies, 2,000 fewer than 10 years ago. Italy is very dynamic (+14.1% - €11.8 million), and Belgium is returning to growth (+4.1% - €2.6 million) due to strengthened commercial forces. The "Observance" segment grew by +21.4% (€2.3 million).

Regarding Medical Solutions, Ségur represented nearly 19% of its 2022 revenue, and in Q4, 25%. The base effect was particularly unfavorable, as it represented 7.3% in 2023 and 2% in Q4. This explains the year's activity decrease of -12.4% to €8.9 million (-2.9% excluding Ségur & constant scope) and notably -50% in Q4 (-8.7% excluding Ségur and constant scope).

## Outlook.

Management paints a more optimistic picture for 2024, with, for example, a growth in recurring revenues from maintenance and subscriptions of +9.2% in 2023, representing 35% of total revenue. For reference, the "global" recurring revenue in 2020 represented 66% of group revenue, and recurring gross margin represented 68% of group gross margin. Emphasis has been placed on SaaS solutions (gaining over 1,000 clients for Pharmagest France's new mobile applications, launching Axigate's TITANLINK SaaS with 350 sites in production, etc.).

Another point management stressed was the acquisition of new clients through the redeployment of the strong commercial force, which was focused on Ségur in 2022 (acquisition of 120 pharmacies in Italy through the new version of the id software, gaining 120 nursing homes, 40 new "hospital-at-home", 4 new hospitals, delivery of 500 NOVIACare boxes for home care in the Netherlands and Belgium, etc.).

Ultimately, the discourse highlights visibility elements for 2024. In addition, the scope effect will come into play "fully in H1" thanks to Atoopharm, ADV, and Digipharmacie, which we estimate at €5 million for 2024. Considering the context, we adopt a cautious stance and lower our estimates, projecting a constant scope growth of +3.6% for 2024, which is extremely conservative and allows room for positive surprises. We are also more cautious for 2025. The impact on EPS is -7.5% for 2023, -4.5% for 2024, and -5% for 2025.

## Conclusion.

Equasens struggled more than expected in Q4 but achieved annual revenue close to the consensus. As for us, we were too optimistic in estimating that the redeployment of commercial forces post-Ségur would bear fruit from an accounting perspective starting in Q4. 2024 will be a year of returning to normalcy with a gradual rebound in investments in a less tense environment in terms of interest rates and inflation, and notably with one less thorn in the side, namely Ségur, which we can consider a blessing in disguise. Indeed, Equasens will have been the first actor to deploy and thus demonstrate the relevance of its offer and technical expertise.

## Opinion & Objective: Buy – €82.5 vs. €94.6

The adjustment of our forecasts leads to a lowering of our price target to €82.5 (DCF €81.3 - peers €85.5) vs. €94.6. The stock has been on a downward trend since its historical high at the end of January 2021 and has returned to levels seen in 2019. It is approaching, in our view, very interesting levels graphically speaking but also in terms of valuation ratios considering the operational momentum and the solidity of its balance sheet.

**Arnaud Riverein**

+ 33 (0)6 43 87 10 57

ariverain@greensome-finance.com

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

# BUY

## Sales 2023

Eligible PEA

TARGET

€ 82.5

PREVIOUS

€ 94.6

PRICE (2/6/23)

€ 53.3

POTENTIAL

+ 55%

MARKET CAP.

€ 809m

FREE FLOAT

€ 195m

Ratios	2023e	2024e	2025e
EV/Sales	3,3	3,0	2,7
EV/EBIT	13,0	11,5	10,3
P/E	17,7	16,2	15,3
P/CF	14,1	13,2	12,5
Dividend Yield	2,3%	2,3%	2,3%

Data per share	2022	2023e	2024e	2025e
EPS	3,21	3,01	3,30	3,49
%Change	23%	-6%	10%	6%
FCF	3,09	3,52	3,43	3,60
%Change	26%	14%	-3%	5%
Dividend	1,15	1,21	1,21	1,21

Income Statement (€m)	2022	2023e	2024e	2025e
Net Sales	214,1	219,7	232,6	244,9
%Change	10,9%	2,6%	5,9%	5,3%
Gross Margin	173,3	176,9	188,4	198,4
% Sales	81,0%	80,5%	81,0%	81,0%
EBITDA	68,3	66,8	73,5	77,7
% Sales	31,9%	30,4%	31,6%	31,7%
EBIT	56,8	55,6	60,7	64,3
% Sales	26,5%	25,3%	26,1%	26,2%
Net Result	48,6	45,6	50,0	53,0
% Sales	22,7%	20,8%	21,5%	21,6%

Cash Flow Statement (€m)	2022	2023e	2024e	2025e
FCF	46,9	53,4	52,0	54,6
Net Debt	-56,3	-86,4	-110,0	-146,3
Shareholder Equity	196,8	224,5	256,2	290,9
Gearing	-29%	-38%	-43%	-50%
ROCE	19%	18%	19%	21%

## Shareholders

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

Performances	2024	3m	6m	1 Year
Equasens	-12,8%	-23,9%	-31,4%	-33,1%
CAC Mid&Small	0,8%	8,5%	-1,6%	-6,0%
12 months Low-High	51,40	85,8		

Liquidity	2024	3m	6m	1 Year
Cumulative volume (000)	7	600	895	1 367
% of capital	0,0%	4,0%	5,9%	9,0%
% of Free Float	0,2%	16,4%	24,5%	37,4%
€ Million	0,3	34,6	55,6	92,1

Next Event

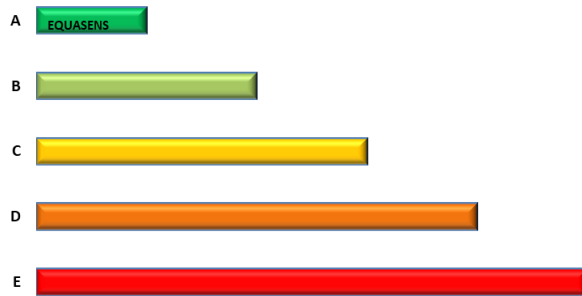
Annual Results : March, 6

GreenSome has signed a research contract with Equasens

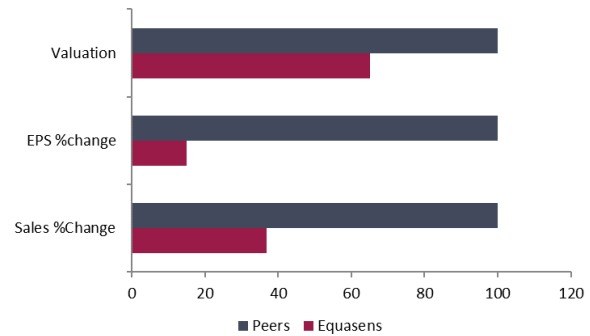
## Snapshot EQUASENS

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
1/2/24	Acquisition in France	Buy	€ 59.9	€ 94.6
11/23/23	Acquisition in Germany	Buy	€ 57.6	€ 94.6
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

## Financial Data

Income Statement (€ m)	2019	2020	2021	2022	2023e	2024e
Revenues	158,6	171,8	193,1	214,1	219,7	232,6
Purchase	29,9	32,2	36,9	40,7	42,8	44,2
Gross Margin	128,6	139,5	156,2	173,3	176,9	188,4
Externals costs	20,4	20,2	22,4	27,8	26,4	27,9
Personnals Costs	56,3	60,9	68,7	74,2	80,2	83,7
EBITDA	49,0	55,0	62,2	68,3	66,8	73,5
Amortization	8,1	9,1	12,3	13,5	12,1	12,8
other	0,0	0,8	0,5	2,0	0,0	0,0
EBIT	40,8	46,7	50,5	56,8	55,6	60,7
Financial Result	1,5	0,8	0,3	0,9	1,0	1,6
Tax	13,3	13,4	10,6	6,2	9,9	11,3
Net Result	29,0	32,7	41,2	48,6	45,6	50,0
Group Net Result	28,4	30,7	39,1	46,4	43,5	47,8

Balance Sheet (€ m)	2019	2020	2021	2022	2023e	2024e
Fixed Assets	160,5	184,9	207,7	213,6	218,0	226,5
Stock Inventories	4,4	6,8	8,9	9,3	9,2	9,7
Accounts Receivable	34,6	31,8	37,4	46,5	42,7	45,2
Other Currents Assests	8,0	9,0	11,2	13,3	12,2	12,9
Cash & Equivalentes	50,6	63,3	64,8	68,0	88,1	101,8
TOTAL Assets	258,1	295,8	330,0	350,8	370,2	396,1
Shareholders' Equity	131,9	149,0	165,2	196,8	224,5	256,2
Provisions	4,6	5,3	5,5	5,6	6,0	6,4
Financial Debt	57,5	71,8	84,1	66,7	56,7	46,7
Accounts Payables	13,4	14,2	16,3	16,8	18,3	19,4
Others Liabilities	47,6	49,3	54,3	61,2	61,0	64,6
TOTAL Liabilitites	258,1	295,8	330,0	350,8	370,2	396,1

Cash Flow Statements (€ m)	2019	2020	2021	2022	2023e	2024e
Cash Flow from Operating Activities	35,8	42,0	50,0	62,6	57,2	61,5
Change in Net Working Capital	4,9	5,2	-2,5	-5,6	6,1	1,0
Cash Flow from Operations	40,7	47,2	47,5	57,0	63,3	62,5
Cash Flow from Investing	-16,3	-19,6	-10,3	-10,1	-9,9	-10,5
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	-38,3
Net Change in cash position	-10,5	12,2	1,6	0,3	20,1	13,7

RATIOS	2019	2020	2021	2022	2023e	2024e
Gross Margin	81,1%	81,2%	80,9%	81,0%	80,5%	81,0%
Ebitda Margin	30,9%	32,0%	32,2%	31,9%	30,4%	31,6%
EBIT Margin	25,8%	27,2%	26,1%	26,5%	25,3%	26,1%
Net Margin	18,3%	19,0%	21,3%	22,7%	20,8%	21,5%
ROE	22,0%	21,9%	24,9%	24,7%	20,3%	19,5%
ROCE	32,9%	18,5%	17,5%	18,6%	18,4%	19,4%
Gearing	-33,2%	-24,1%	-16,7%	-28,6%	-38,5%	-42,9%
FCF per share	1,6	1,8	2,5	3,1	3,5	3,4
EPS (€)	1,9	2,0	2,6	3,2	3,0	3,3
Dividend per share (€)	0,9	1,0	1,1	1,2	1,2	1,2
Dividen Yield	1,7%	1,8%	2,0%	2,2%	2,3%	2,3%
Distribution rate	47,2%	46,8%	43,7%	38,3%	36,8%	40,2%

GreenSome Finance Estimates

## Rating Definition

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

## Disclosures

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

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