

EQUASENS

Euronext A – FR0012882389 – EQS

✓ **2025, shifting gears?**

✓ **Results in line with our expectations**

- o EBITDA margin 30.4% (expected 30.5%), current operating margin 25.4% (expected 25.3%), net margin 22.2% (expected 20.8%)
- o Slight improvement in gearing -29.7% vs -28.5% in 2022 (expected -38.5%)
- o Proposed dividend €1.25, up by 9.2%

✓ **2025 Objective: Double-digit growth**

The activity, which increased by +2.6% in 2023 (€219.7 million), suffered from the end of the SEGUR solutions deployment (unfavorable base effect of -€4.2 million) and a degraded context, especially for pharmacies. Thus, equipment sales declined by 2.3%. However, these effects were "offset" by acquisitions made, notably with Atoopharm in April, which integrated into Pharmagest's scope (+€2.9 million), as well as a 9.2% increase in recurring revenues (maintenance & subscriptions), which represent approximately 40% of total revenue.

In terms of results, the gross margin remains stable compared to 2022 (81.1% of revenue), but, as expected, the current operating margin decreases by 1.1 points to 25.4%, which is 0.9 points lower than the average for the period 2017-2022. This decrease is explained by human investments made with a +7.1% increase in personnel expenses, representing +€5.3 million (recruitment + inflation-related revaluations) compared to 2022, while other purchases are controlled (a decrease of -0.7%). The net result of €48.9 million is €3.3 million higher than our estimate due to a financial result €2 million higher than expected and an SME share of €1.2 million that we had not considered. Thus, the net margin only decreases by 0.5 points to 22.2%.

By divisions, margin pressure comes from human efforts, especially for Axigate Link (margin 33.5% vs. 35.9% in 2022 / 35% expected) and Pharmagest (margin 22.6% vs. 23.1% / 22.5% expected). For Medical Solutions, it is the result of the post-SEGUR activity decline playing negatively (margin 24.6% vs. 49.5% / 30% expected). On the other hand, E-Connect benefits from its "mobility" offer for healthcare professionals and shows a margin of 44.6% vs. 36.7% (36.5% expected).

Regarding the balance sheet, gearing improves slightly to -29.7% vs. -28.5%. We expected -38.5%. The difference comes from investments exceeding our estimate by €8 million, notably due to investment in network infrastructure (€7 million over 2 years, including €5 million in 2023). Equasens has net cash of €67.7 million (vs. €56.2 million in 2022).

Outlook:

The main element is the announcement by management of "double-digit revenue growth from 2025" thanks to the launch of new offerings and the development of new activities.

The second announcement is that 2024 will be a year of investment in R&D, infrastructure, and human resources to develop sales forces.

By this, we understand that 2024 could be like 2023 without the Segur effect. The group should regain "normal" organic growth and benefit from acquisitions made in 2023 and its recent operation in Germany. We estimated the contribution from acquisitions at €5 million and organic growth between +3% and +4%, resulting in annual growth of +5.9% to €232.6 million. However, human investments will continue, a point we have not fully integrated. We now aim for a current operating margin for 2024e of 25.1% vs. 26.1%.

Regarding 2025, management is ambitious. We prefer to adopt a more cautious bias that we will reassess as future publications unfold. Nevertheless, we raise our 2025 assumption with activity growth of +7.2% vs. +5.3%. The acceleration effect should logically be felt considering the recruitment policy in place and the upcoming new offerings.

Conclusion:

Equasens is investing and seems to be preparing to change pace. The announced objectives reflect this. 2023 showed that even in a degraded environment and disrupted by exogenous elements, the economic model is very solid. The weak point of the group, if we can put it that way, could be its difficulty in achieving more vigorous growth. The human and infrastructure investments initiated could change the game.

Opinion & Objective: Buy – €82.5

DCF €83.5 / Comparable €79.6.

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BUY

2023 Annual Results

Eligible PEA

TARGET

€ 82.5

PREVIOUS

€ 82.5

PRICE (2/6/23)

€ 51.3

POTENTIAL

+ 61%

MARKET CAP.

€ 778m

FREE FLOAT

€ 187m

Ratios	2023	2024e	2025e
EV/Sales	3,3	3,1	2,9
EV/EBIT	12,9	12,3	11,2
P/E	15,9	14,6	13,2
P/CF	12,6	11,8	10,9
Dividend Yield	2,4%	2,6%	2,8%

Data per share	2022	2023	2024e	2025e
EPS	3,21	3,22	3,51	3,87
%Change	23%	0%	9%	10%
FCF	3,09	2,59	4,18	3,98
%Change	26%	-16%	61%	-5%
Dividend	1,15	1,25	1,31	1,44

Income Statement (€m)	2022	2023	2024e	2025e
Net Sales	214,1	219,8	232,6	249,4
%Change	10,9%	2,7%	5,8%	7,2%
Gross Margin	173,4	178,2	188,4	202,0
% Sales	81,0%	81,1%	81,0%	81,0%
EBITDA	67,1	67,0	71,3	78,4
% Sales	31,3%	30,5%	30,7%	31,4%
EBIT	56,8	55,8	58,4	64,4
% Sales	26,5%	25,4%	25,1%	25,8%
Net Result	48,6	48,9	53,2	58,8
% Sales	22,7%	22,2%	22,9%	23,6%

Cash Flow Statement (€m)	2022	2023	2024e	2025e
FCF	46,9	39,3	63,4	60,5
Net Debt	-56,3	-60,2	-94,6	-135,2
Shareholder Equity	196,8	227,6	261,9	300,7
Gearing	-29%	-26%	-36%	-45%
ROCE	19%	15%	15%	17%

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	-16,0%	-16,0%	-29,6%	-29,6%
CAC Mid&Small	6,0%	6,0%	9,3%	3,2%
12 months Low-High	46,15	85,8		

Liquidity	2024	3m	6m	1 Year
Cumulative volume (000)	667	667	1 148	1 617
% of capital	4,4%	4,4%	7,6%	10,7%
% of Free Float	18,2%	18,2%	31,4%	44,2%
€ Million	34,5	34,5	64,2	100,3

Next Event

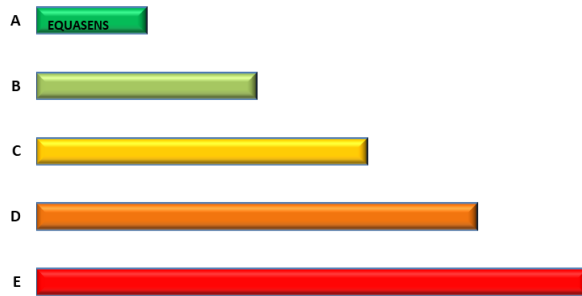
Q1 Sales : may, 7

GreenSome has signed a research contract with Equasens

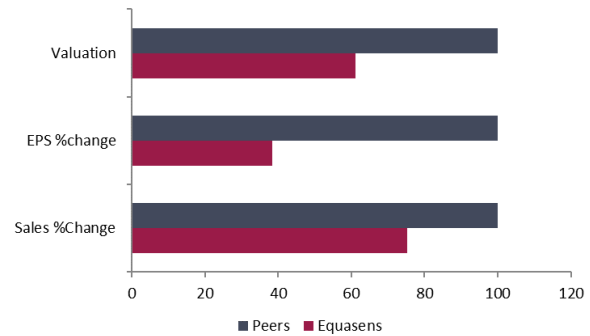
Snapshot EQUASENS

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
2/6/24	2023 Sales	Buy	€ 53.3	€ 82.5
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

Financial Data

Income Statement (€ m)	2021	2022	2023	2024e	2025e	2026e
Revenues	193,1	214,1	219,8	232,6	249,4	261,9
Purchase	36,9	40,7	41,5	44,2	47,4	49,8
Gross Margin	156,2	173,4	178,2	188,4	202,0	212,2
Externals costs	22,4	27,8	27,6	29,3	31,4	33,0
Personnals Costs	68,7	75,4	80,8	84,5	88,7	92,7
EBITDA	62,2	67,1	67,0	71,3	78,4	82,8
Amortization	12,3	12,3	13,2	14,0	15,0	15,7
other	0,5	2,0	2,0	1,0	1,0	1,0
EBIT	50,5	56,8	55,8	58,4	64,4	68,1
Financial Result	0,3	0,9	3,2	0,7	1,4	2,3
Tax	10,6	6,2	9,7	5,9	7,0	7,8
Net Result	41,2	48,6	48,9	53,2	58,8	63,6
Group Net Result	39,1	46,4	47,0	50,8	56,1	60,7

Balance Sheet (€ m)	2021	2022	2023	2024e	2025e	2026e
Fixed Assets	207,7	213,6	261,8	270,7	270,8	272,5
Stock Inventories	8,9	9,3	10,3	9,7	10,4	10,9
Accounts Receivable	37,4	46,5	52,8	45,2	48,5	50,9
Other Currents Assests	11,2	13,3	14,4	12,9	13,9	14,6
Cash & Equivalents	64,8	68,0	54,7	79,1	110,7	143,9
TOTAL Assets	330,0	350,8	394,0	417,7	454,2	492,9
Shareholders' Equity	165,2	196,8	227,6	261,9	300,7	342,4
Provisions	5,5	5,6	7,1	6,4	6,8	7,2
Financial Debt	84,1	66,7	69,3	59,3	50,3	42,3
Accounts Payables	16,3	16,8	16,1	19,4	20,8	21,8
Others Liabilities	54,3	61,2	68,2	64,6	69,3	72,8
TOTAL Liabilitites	330,0	350,8	394,0	417,7	454,2	492,9

Cash Flow Statements (€ m)	2021	2022	2023	2024e	2025e	2026e
Cash Flow from Operating Activities	50,0	62,6	61,6	65,8	71,7	75,3
Change in Net Working Capital	-2,5	-5,6	-3,9	9,2	1,3	0,9
Cash Flow from Operations	47,5	57,0	57,7	75,0	72,9	76,3
Cash Flow from Investing	-10,3	-10,1	-18,4	-11,6	-12,5	-13,1
Capital Increase	-20,1	-17,5	-17,9	-19,0	-19,9	-21,9
Funding Flow	10,3	-20,8	1,8	-10,0	-9,0	-8,0
Cash Flow from Financing	-35,7	-46,5	-21,5	-39,0	-28,9	-29,9
Net Change in cash position	1,6	0,3	17,8	24,4	31,6	33,3

RATIOS	2021	2022	2023	2024e	2025e	2026e
Gross Margin	80,9%	81,0%	81,1%	81,0%	81,0%	81,0%
Ebitda Margin	32,2%	31,3%	30,5%	30,7%	31,4%	31,6%
EBIT Margin	26,1%	26,5%	25,4%	25,1%	25,8%	26,0%
Net Margin	21,3%	22,7%	22,2%	22,9%	23,6%	24,3%
ROE	24,9%	24,7%	21,5%	20,3%	19,5%	18,6%
ROCE	17,5%	18,6%	14,7%	15,4%	17,0%	18,0%
Gearing	-16,7%	-28,6%	-26,4%	-36,1%	-44,9%	-51,5%
FCF per share	2,5	3,1	2,6	4,2	4,0	4,2
EPS (€)	2,6	3,2	3,2	3,5	3,9	4,2
Dividend per share (€)	1,1	1,2	1,3	1,3	1,4	3,0
Dividen Yield	2,0%	2,2%	2,4%	2,6%	2,8%	5,9%
Distribution rate	43,7%	38,3%	36,8%	38,8%	37,4%	37,3%

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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