



EQUASENS

ADD

Software

GILBERT
DUPONT

GROUPE SOCIETE GENERALE

EPS12/24e ↘ -5.0% €2.86 vs €3.02 • EPS12/25e ↘ -4.7% €3.06 vs €3.21

PRICE*
€ 52.10
*closing 27/09/24

TP
€ 54.0

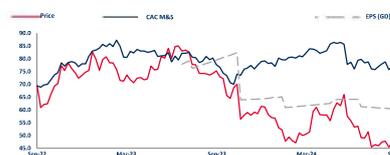
POTENTIAL
+3.6%

Pharmagest division has larger than expected impact on H1 C.EBIT margin

Equasens has announced a decline in its half-year results, notably due to the impact of the operating environment on the pharmacy division. The management has confirmed its objective for a return to organic growth in H2. GD scenario adjusted (2024 EPS: -5%) following the publication of these weaker than anticipated figures.

H1 results

Bloomberg EQS FP
Market cap. €m 791
Free Float €m 256
Volume (3M) €m 0.37/day



PERFORMANCE	1M	6M	12M
Absolute	+9.7%	+1.2%	-26.8%
Rel. / CAC M&S	+7.2%	+5.7%	-30.3%

AGENDA
01/10/24: Meeting

FINANCIAL ANALYST(S)



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H1 C.EBIT margin of 19.4% (-5 pts) vs. a GD estimate of 23.4% (-1 pt)

In a challenging operating environment for the Pharmagest division (76% of H1 sales), Equasens has published an H1 C.EBIT of €20.9m, down by -24%. This figure reflects a C.EBIT margin of 19.4%, down by -5 pts. This performance is beneath our overly aggressive forecast (GD estimate: C.EBIT margin: 23.4%, -1 pt implying a C.EBIT of €25.3m). The difference between the published figure and our estimate (difference: €4.4m) is due to a stronger-than-expected reinforcement of the sales and R&D teams, notably those dedicated to the roll-out of the new SaaS solutions in Europe since Q3 23.

C.EBIT margin down by -4.8 pts in the group's main division: Pharmagest

In our view, the most significant aspect of these figures is the decline in profitability at the group's main division, Pharmagest. After reporting a -5.1% fall in H1 sales on an organic basis, Pharmagest's C.EBIT collapsed by -23.5% to reach a C.EBIT margin of 17.2% (-4.8 pts). We would note that Axigate Link (software solutions for nursing homes) announced a -2.5 pts decline in its C.EBIT margin due to the development costs for SaaS solutions such as TitanLink. The e-connect division's C.EBIT margin remained virtually stable at 45.4% (+0.9 pts).

GD forecasts adjusted: EPS estimates -5% for 2024 & -4.7% for 2025

The launch of the new SaaS solutions for pharmacies in France and a more favourable base effect have led the management to confirm its objective for a return to organic growth in H2. We are confirming our FY sales forecast (+1% org.), implying org. sales growth of +8% in H2. These lower than expected figures have led us to revise downwards our FY C.EBIT estimate. We are now anticipating a C.EBIT of €52.1m (vs. €55.1m) and a C.EBIT margin of 22.9% (vs. 24.3%). This scenario implies a virtually stable H2 C.EBIT margin (-0.2 pt) of 26.2%. We would note that the FactSet 2024 consensus (before publication of the H1 results) anticipates sales of €223.5m and a C.EBIT margin of €53.4m, i.e. a C.EBIT margin of 23.8% (-1.6 pts).

Add rating reiterated

In our view, a return to sustainable double-digit organic growth remains the major catalyst for the stock, but this is by no means a given (GD 2025 sales estimate: +6.5% / consensus: +7.7%). Ultimately, after updating our model and the market parameters, we are maintaining our TP at €54 (DCF) and confirming our Add rating.

STOCK RATIOS	12/23	12/24e	12/25e	12/26e
P/E	19.7x	18.2x	17.0x	15.4x
PEG	15.4x	ns	2.5x	1.4x
P/CF	15.0x	13.1x	12.5x	11.6x
EV/Sales	5.0x	3.3x	3.0x	2.8x
EV/EBITDA	15.9x	11.1x	10.2x	9.0x
EV/C. EBIT	19.6x	14.5x	13.1x	11.3x
EV/EBIT	19.6x	14.5x	13.1x	11.3x
EV/Capital employed	5.2x	3.4x	3.3x	3.1x
P/BV	4.1x	3.1x	2.8x	2.5x
FCF yield	4.8%	5.9%	6.2%	6.9%
Yield	2.0%	2.6%	2.8%	3.0%

FINANCIAL DATA	12/23	12/24e	12/25e	12/26e
Sales (€m)	219.7	227.0	241.7	255.0
C. EBIT (€m)	55.8	52.1	55.9	62.5
C. EBIT/Sales	25.4%	22.9%	23.1%	24.5%
EBIT (€m)	55.8	52.1	55.9	62.5
Net attributable profit (€m)	47.0	43.5	46.4	51.4
Adjusted EPS (€)	3.10	2.86	3.06	3.39
Chg.	1.3%	-7.5%	6.7%	10.9%
FCF (€m)	53.4	46.7	48.9	54.7
Net fin. debt (€m)	-22.7	-35.4	-63.8	-96.6
Gearing	-9.9%	-14.0%	-22.7%	-31.1%
ROCE	21.9%	17.7%	19.0%	21.4%

H1 C.EBIT margin beneath our expectations

H1 (€m)	2023	2024	Var.	GD est.
Topline	112,6	108,0	-4,1%	
EBIT	27,5	20,9	-24,1%	25,3
EBIT margin (%)	24,4%	19,4%	- 5 pts	23,4%
Net result	22,9	18,1	-21,0%	22,3

PRICE*
€ 52.10
*closing 27/09/24

TP
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POTENTIAL
+3.6%

Activity

€crBusiness software solutions for
professionals and healthcare
establishments

Market data

12M Low/High € 45.10/€ 73.90
Volume (3M) 7,567 shares/day
Number of shares 15,174,125
Market cap. €m 791
Free Float €m 256
Market Euronext A
Sector Software
Bloomberg EQS FP
Isin FR0012882389
Index CAC SMALL

Shareholders on 31/12/22

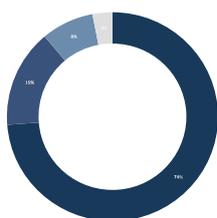
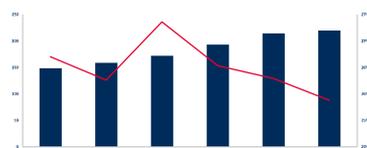
Marque Verte Santé 60.5%
Free float 32.4%
Coopérative Welcoop 6.1%
Treasury shares 0.9%

Employees on 31/12/23

1,288

2022 sales by quarter

Q4 28%
Q2 25%
Q3 24%
Q1 23%

2022 sales by business unit**Sales and C. EBIT Margin**

PROFIT LOSS STATEMENT (€m)	12/21	12/22	12/23	12/24e	12/25e	12/26e
Sales	193.1	214.1	219.7	227.0	241.7	255.0
Chg.	12.4%	10.9%	2.6%	3.3%	6.5%	5.5%
Chg. lfl	12.4%	8.8%	1.3%	1.0%	6.5%	5.5%
EBITDA	62.7	70.3	68.7	68.0	72.0	78.3
C. EBIT	50.3	55.2	55.8	52.1	55.9	62.5
EBIT	50.3	55.2	55.8	52.1	55.9	62.5
Net interest income	1.6	-0.8	1.7	4.7	4.7	4.7
Tax	-10.6	-6.2	-9.9	-13.4	-14.2	-15.8
Income from associates	-0.1	0.4	1.3	1.0	1.0	1.0
Net earnings from discontinued operations	0.0	0.0	0.0	0.0	0.0	0.0
Minority interests	-2.0	-2.2	-1.9	-1.0	-1.0	-1.0
Net attributable profit	41.2	46.4	47.0	43.5	46.4	51.4
Adjusted net attr. profit	41.2	46.4	47.0	43.5	46.4	51.4

CASH FLOW STATEMENT (€m)	12/21	12/22	12/23	12/24e	12/25e	12/26e
Cash Flow	53.1	34.6	62.4	58.4	61.9	66.7
- Chg. in WCR	-5.5	22.4	5.6	1.9	1.7	3.0
- Capex	10.3	10.1	14.5	13.6	14.8	15.0
= Free Cash Flow	37.2	46.9	53.4	46.7	48.9	54.7
- Net financial investment	-25.9	-8.3	-2.0	-15.0	0.0	0.0
- Dividends	-15.0	-16.5	-17.5	-19.0	-20.5	-21.9
+ Capital increase/Share buybacks	-5.5	-1.2	0.0	0.0	0.0	0.0
+ Others	0.0	0.0	0.0	0.0	0.0	0.0
= Chg. net financial debt	6.7	-20.8	-21.5	-12.7	-28.4	-32.8

BALANCE SHEET (€m)	12/21	12/22	12/23	12/24e	12/25e	12/26e
Goodwill	83.7	83.1	83.7	96.7	95.2	93.7
Other intangible assets	123.2	121.5	125.7	140.8	141.7	142.0
Tangible assets	27.7	26.6	22.7	21.3	20.1	20.1
Financial assets	56.9	65.5	67.5	67.5	67.5	67.5
WCR	-26.1	0.7	-5.3	-5.0	-4.8	-6.0
Shareholders' equity (group share)	159.0	189.8	219.3	243.8	269.7	299.2
Equity + minorities	165.2	196.8	228.2	253.7	280.6	311.2
Cash and equivalent	64.8	68.0	102.0	114.7	143.1	176.0
Net financial debt	19.6	-1.2	-22.7	-35.4	-63.8	-96.6
Net financial debt excluding IFRS 16	9.5	-11.1	-33.4	-46.1	-74.5	-107.3
Capital employed	181.6	214.3	210.6	224.6	224.5	223.6

PER SHARE DATA (€)	12/21	12/22	12/23	12/24e	12/25e	12/26e
Number of shares (000)	15,174	15,174	15,174	15,174	15,174	15,174
Number of diluted shares (000)	15,174	15,174	15,174	15,174	15,174	15,174
Adjusted EPS	2.71	3.06	3.10	2.86	3.06	3.39
Reported EPS	2.71	3.06	3.10	2.86	3.06	3.39
CF per share	3.15	4.00	4.07	3.98	4.18	4.49
Book value per share	10.89	12.97	15.04	16.72	18.49	20.51
Dividend	1.15	1.15	1.25	1.35	1.44	1.54
Payout	42%	38%	40%	47%	47%	45%

RATIOS	12/21	12/22	12/23	12/24e	12/25e	12/26e
Gross margin/Sales	80.9%	81.0%	80.5%	80.5%	80.5%	80.5%
EBITDA/Sales	32.5%	32.8%	31.3%	30.0%	29.8%	30.7%
C. EBIT/Sales	26.0%	25.8%	25.4%	22.9%	23.1%	24.5%
EBIT/Sales	26.0%	25.8%	25.4%	22.9%	23.1%	24.5%
Corp. tax rate	20.5%	11.4%	17.2%	23.5%	23.5%	23.5%
Adjusted NR/Sales	21.3%	22.7%	22.2%	19.6%	19.6%	20.6%
Capex/Sales	5.4%	4.7%	6.6%	6.0%	6.1%	5.9%
Capex/D&A	0.8x	0.7x	1.1x	0.9x	0.9x	1.0x
FCF/Sales	19.3%	21.9%	24.3%	20.6%	20.2%	21.4%
FCF/EBITDA	59.3%	66.7%	77.8%	68.6%	67.9%	69.9%
Goodwill/Equity + minorities	50.7%	42.2%	36.7%	38.1%	33.9%	30.1%
WCR/Sales	-13.5%	0.3%	-2.4%	-2.2%	-2.0%	-2.3%
Gearing	11.9%	-0.6%	-9.9%	-14.0%	-22.7%	-31.1%
Net financial debt/EBITDA	0.3x	0.0x	-0.3x	-0.5x	-0.9x	-1.2x
EBITDA/Financial charges	ns	85.0x	ns	ns	ns	ns
ROCE	22.0%	22.8%	21.9%	17.7%	19.0%	21.4%
ROE	24.9%	24.7%	21.4%	17.5%	16.9%	16.8%

STOCK MARKET DATA	12/21	12/22	12/23	12/24e	12/25e	12/26e
Share price performance	-15.6%	-20.5%	-18.2%	-14.7%	-	-
Share price performance vs. CAC M&S	-27.6%	-7.7%	-19.4%	-15.3%	-	-
Share price High (€)	122.60	92.70	85.00	66.90	-	-
Share price Low (€)	83.60	58.60	56.40	45.10	-	-
Enterprise value (€m)	1,507.4	1,170.1	1,090.5	755.8	732.2	703.8
= Market cap.	1,468.5	1,174.9	1,115.4	790.6	790.6	790.6
+ Net financial debt	19.6	-1.2	-22.7	-35.4	-63.8	-96.6
+ Minorities	6.2	7.0	8.9	9.9	10.9	11.9
+ Provisions & others	70.0	54.9	56.4	58.2	62.0	65.4
- Financial assets	56.9	65.5	67.5	67.5	67.5	67.5

VALUATION	12/21	12/22	12/23	12/24e	12/25e	12/26e
P/E	34.7x	24.4x	19.7x	18.2x	17.0x	15.4x
PEG	1.0x	1.9x	15.4x	ns	2.5x	1.4x
P/CF	29.9x	18.7x	15.0x	13.1x	12.5x	11.6x
EV/Sales	7.8x	5.5x	5.0x	3.3x	3.0x	2.8x
EV/EBITDA	24.0x	16.7x	15.9x	11.1x	10.2x	9.0x
EV/C. EBIT	30.0x	21.2x	19.6x	14.5x	13.1x	11.3x
EV/EBIT	30.0x	21.2x	19.6x	14.5x	13.1x	11.3x
EV/Capital employed	8.3x	5.5x	5.2x	3.4x	3.3x	3.1x
P/BV	8.6x	5.8x	4.1x	3.1x	2.8x	2.5x
FCF yield	2.5%	4.0%	4.8%	5.9%	6.2%	6.9%
Yield	1.2%	1.5%	2.0%	2.6%	2.8%	3.0%

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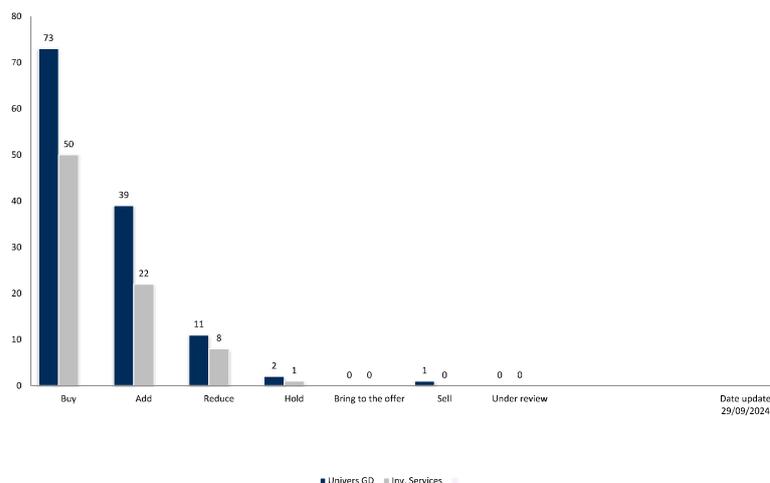
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STOCK OPINIONS:

Given on a 6 to 12-month horizon, these are established by the financial analysts. These ratings are formulated using a general framework outlined below as well as non-quantitative factors (news-flow, momentum, share price volatility, etc).



Price Target : This is derived via different methods which are weighted (DCF, comparable quoted stock market values, Sum of the parts, NAV, transaction multiples).

- Buy : potential increase of more than 15%
- Add : potential increase of between 5 and 15%
- Reduce : potential between -5% et +5%
- Hold : opinion possible in case of IPO
- Bring to the offer : recommandation used as applicable when a compagny is the subject of a takeover bid
- Sell : potential drop of more than -5%
- Under Review : temporarily when a special event occurs

Favorite stocks : 2 existing lists, each one with a maximum of 10 companies

- Midcaps List : Mkt cap. > €m350 the day of entry
- Smallcaps List : Mkt Cap. < €m350 the day of entry

Calculation of absolute and relative performance is done on the opening price of the day on entry or exit from the list

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6. This document is produced in accordance with the provisions of the Best Practice Charter relating to Sponsored Research signed by AMAFI, AFG and SFAF, in consultation with the AMF, on May 11th 2022.
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8. Gilbert Dupont is Listing Sponsor
9. Gilbert Dupont has a share buy-back agreement with the Company.
10. Gilbert Dupont handled the placement of the company's share issuance on Euronext Growth.
11. Gilbert Dupont is responsible for a placement of the Company's securities.
12. Gilbert Dupont has participated in a placement of the Company's securities during the last 12 months
13. The revenues received by Gilbert Dupont from the various contracts linking it to the Company represent more than 5% of the consolidated gross revenues of Gilbert Dupont for the previous financial year.
14. The revenues received by the external service provider responsible for drafting this document and any other of its revenues related to the Company represent more than 5% of its consolidated gross revenues for the previous financial year.
15. Gilbert Dupont has, in a temporary capacity, a net short position of more than 0.5% of the capital of the issuer
16. Gilbert Dupont has, in a temporary capacity, a net long position of more than 0.5% of the capital of the issuer.
17. This document has been sent to the company for review before it is published. This rereading didn't prompted the analyst to adjust his target price and his stock market recommendation
18. This document was sent to the company for a rereading prior to its publication. This rereading prompted the analyst to adjust his target price and his stock market recommendation
19. The stock has been the subject of a Public Offer presented by Société Générale in the last 12 months.

COMPANY	DISCLOSURES APPLICABLES
Equasens	1,3,4,6

HISTORICAL TARGET PRICE (12M)				HISTORICAL CHANGE OF OPINION (12M)			
Company	Date	Price (€)	TP (€)	Company	Date	Previous	Current
Equasens	10/07/24	49.55	54.0	Equasens	10/11/23	Buy	Add
Equasens	13/05/24	55.80	58.0				
Equasens	07/02/24	48.30	59.0				
Equasens	23/01/24	58.70	65.0				
Equasens	10/11/23	56.40	78.0				

VALUATION METHODOLOGY

DCF (54€, wacc : 9,4 %, LT EBIT margin: 25,5 %, LT growth rate: 1,5 %)

RISK(S)

Decrease in the number of pharmacies and already high equipment ratios