

- 1<sup>st</sup> half 2019 sales: €14.871 million (-8.5% YoY)
- +10% growth at Egide USA + Santier, +2.5% at constant exchange rate, with US HTCC sales more than doubling
- Egide SA's sales (-29.4%) impacted by a tough market - Action plan launched to reorganize and optimize operations in France
- H2 2019 Outlook: H1 order intake was €18.83 million (+23% YoY) with positive implications for H2 outlook: continued growth in the US and return to positive growth at Egide SA

*Bollène, July 12, 2019 - 06:00pm (CET)* - Revenue amounted to €14.871 million, down 8.5% compared to H1 2018. Egide Group's unaudited consolidated turnover for the first half of 2019 was impacted by a difficult European Defense market due to the strengthening of export rules for military equipment, a complex geopolitical environment (partly related to China-US relations) and lower than anticipated sales to Israel. At the same time, order in-take increased to €18.83 million, up 23% compared to H1 2018. This was driven by the European and US thermal imaging markets, as well as the power market in the US for which demand is driven primarily by commercial aviation.

US subsidiaries' sales now account for 63.8% of the group.

## DISTRIBUTION BY BUSINESS UNIT

Thousands of Euros	H1 2018	H1 2019 *	Change %	Change on a comparative basis **
Egide SA	7 630.1	<b>5 384.5</b>	-29.4%	-29.4%
Egide USA	3 877.2	<b>5 012.9</b>	29.3%	20.6%
Santier	4 746.9	<b>4 473.5</b>	-5.8%	-12.1%
<b>Group</b>	<b>16 254.2</b>	<b>14 871.0</b>	<b>-8.5%</b>	<b>-12.4%</b>

\* non audited \*\* at constant perimeter and exchange rate

The sharp drop in sales of ceramic products related to the weakness of both the thermal imaging and microwave markets led to a 29% fall in Egide SA's sales and accounts for most of the slowdown in the Group's revenue during the 1<sup>st</sup> half.

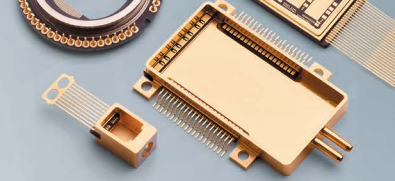
US revenues (Egide USA + Santier) are up +10% (+2.5% at constant exchange rate) vs. H1-2018, even though market environment was still difficult at Santier. USA HTCC ceramics sales more than doubled in H1 (+119%) but from an insufficient basis to offset the sharp drop in sales at Egide SA and the slowdown in Santier at S1. Sales of Glass to Metal products at Egide USA also recorded a good performance and supported Group sales in H1-2019.

The average euro / dollar parity in H1 2019 was 1.12975 against 1.21072 in H1 2018.

## REVENUE PER APPLICATION

Thousands of Euros	H1 2018	H1 2019 *	Change %	Change on a comparative basis **
Power	3 008.0	<b>4 292.0</b>	42.7%	33.8%
RF/MW	3 365.2	<b>2 008.4</b>	-40.3%	-43.6%
Optronics	2 623.4	<b>2 786.4</b>	6.2%	2.3%
Thermal Imaging	5 486.6	<b>4 216.7</b>	-23.1%	-24.7%
Others	1 771.1	<b>1 567.4</b>	-11.5%	-15.4%
<b>Group</b>	<b>16 254.2</b>	<b>14 871.0</b>	<b>-8.5%</b>	<b>-12.4%</b>

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### Thermal Imaging

The European thermal imaging market remains soft as anticipated, while demand in the US continued to be strong on various programs for which Egide was qualified. Order intake is on the rise in both regions. Egide has recently announced a multi-year agreement with Lynred.

### RF/Microwave

The market showed some softness due to certain satellite programs having been postponed both in Europe and the US. Recovery is expected in H1 2020.

### Power

The strong demand in power distribution has triggered both a revenue and order intake rebound. The growth in demand was seen across all Egide's product segments: transportation, defense and satellite. This is expected to continue through 2020.

### Optronics

Activity in this market has improved thanks to product wins in the US and Asia. Key programs in the long-haul and metro fiber optic segments, for which Egide was qualified, have provided additional revenue streams.

### Others

There is softness in the instrumentation and medical markets which Egide serves. While not a large portion of overall sales, Egide is working with its customers to provide lower costing solutions to help with pricing pressure.

### Success of the capital increase.

The main objective of the capital increase is to provide funding to improve the operational efficiency of Egide's French operations. This will include financing the restructuring plan and investment in capital equipment to allow for better utilization and efficiency of human resources. These increased capabilities will help to grow revenue beyond the breakeven point for the French operations, with a focus on markets for radiofrequency / microwave products used in aerospace and defense applications.

The transaction was 103.2% oversubscribed and amounted to a total of €2.6 million. As a reminder, Vatel Capital subscribed for €2 million, which represents 19% of the capital after the increase.

### OUTLOOK

The second half of the year will show continuous growth of the US operations and a return to positive growth at Egide SA in what will remain, however, a challenging market environment, especially in Europe. The group expects overall growth in 2019 despite the tough H1.

The reorganization of Egide SA will help mitigate the impact of the drag on revenue. An action plan to reorganize Egide SA and optimize operations was launched at the very end of this first semester and is expected to be completed by the end of the year, with most of its operational impact being felt from Q1 2020.

New product offerings in thermal battery applications, solid oxide fuel cells, RF/MW applications and near infra-red detectors will provide opportunities for revenue growth in the coming years.

### FINANCIAL CALENDAR

**September 27, 2019:** 2019 Half-Year results

To find out more about Egide:  
[www.egide-group.com](http://www.egide-group.com)

#### ABOUT EGIDE

Egide is a group with an international dimension, specialized in the manufacture of hermetic packages and heat dissipation solutions for sensitive electronic components. It operates in cutting edge markets with strong technology barriers to entry in all critical industry segments (Thermal Imaging, Optronics, High-Frequency, Power Units...). Egide is the only pure player in this market niche with manufacturing bases in France and the United States.

**EGIDE - Finance Department:** Philippe Lussiez  
+33 1 30 68 81 00 - [plussiez@fr.egide-group.com](mailto:plussiez@fr.egide-group.com)

**INBOUND CAPITAL - Investor Relations:** Frédéric Portier  
+44 7802 533333 - [fportier@inbound.capital](mailto:fportier@inbound.capital)

**FIN'EXTENSO - Press Relations:** Isabelle Aprile  
+33 1 39 97 61 22 - [i.aprile@finextenso.fr](mailto:i.aprile@finextenso.fr)

**Egide's eligibility for tax efficient French innovation-focused mutual funds (FCPI) was renewed on May 14, 2018.**