



2020 FIRST HALF RESULTS

- **H1 2020 Turnover: €17.28m (+16.2% YoY)**
- **Net Income: 4k€, improvement of €1.89m**
- **June Order Backlog: €21.4m**
- **Order intake impacted by Covid crisis: €16.2m**
- **Maintaining the full-year breakeven target for 2020**
- **Slight growth anticipated in all business unit for 2021**

The Audit Committee and the Board of Directors met to approve the interim financial statements for the six months ended June 30, 2020. The Statutory Auditors conducted a limited review of these financial statements and issued their report in accordance with legal requirements.

Egide Group's consolidated EBITDA (corrected from IFRS16) for the six-month period ended June 30, 2020 came at €0.93m, an improvement of €1.1m YoY, despite the impact of Covid-19 crisis.

First-half Results consolidated P&L (In €m)	H1 2019	<i>As a percentage of revenues</i>	H1 2020	<i>As a percentage of revenues</i>
Sales	14.87		17.27	
EBITDA from operation*	(0.18)	(1%)	0.93	7%
EBIT	(1.38)	(9%)	0.52	3%
Net result	(1.71)	(12%)	4k€	0%

*Ebitda corrected from IFRS16

CONSOLIDATED FINANCIALS AS OF JUNE 30, 2020

[Egide Group's](#) consolidated revenue for the first half of the year is €17.27 million, an increase of 16.1% compared to the first half of 2019.

North American sales now account for 63.7% of the Group's total turnover in the first half of 2020.

The Egide group was able to maintain an appropriate level of activity within its 3 industrial sites while complying with the health and safety instructions for its employees due to the Covid-19 crisis. This allowed the company to complete the first half of the year near the Group's internal budget.

Suppliers and customers continued to operate globally with an extremely low number of order postponements and cancellations.

However, commercial activity has been reduced as requests for quotations have slowed down. The operating cycle of the activity being quite long, the impact on the end of 2020 will remain limited. In the frame of its worldwide sales strategy to develop Egide's export business, Egide has relaunched in June its actions to increase its international network coverage, particularly in Russia and Germany, and has added an additional sales manager in the US.

RESULTS AS OF JUNE 30, 2020

In H1 2020 the EGIDE SA business unit grew its sales by 16.3% due to strong demand in thermal imaging and RF products for Defense and aerospace markets. It also started to benefit from cost reduction actions launched in 2019, yet not seeing the full return due to temporary subcontracting requirements and to product mix being unfavorable regarding raw material costs.

For EGIDE USA, demand continues to grow due to its power module business and its revenues have increased by 20.8%. Increased demand with three major players in this market segment has driven up revenues. The company continues to work on new opportunities for HTCC and GTMS within the infrared imaging and thermal battery markets.

At Santier, the release of satellite programs with major defense contractors has allowed the company to improved revenues by 10.7%. Santier continues to work on machined components in both package materials such as Kovar, as well has heat seat materials such as CuMo and CuW. Activity in new machined materials and products are underway. Productivity and efficiency programs regarding machining are of key importance to improve revenues and margins.

The North American business units both applied for and received funding from the federal Paycheck Protection Program in April of 2020, totaling over \$1.6m. The terms and conditions of this Federal aid to support the economy to face the pandemic allows to ask for forgiveness after 8 or 24 weeks. As of June 2020, EGIDE USA has applied for forgiveness of the loan, while Santier will apply in Q3.

The Group's consolidated operating profit improved by more than 2 million euros compared to the first half of 2019 with two major differences: the restructuring reserve of €930k in 2019 and the US PPP (Paycheck Protection Program) grant of €690k in 2020. This resulted in an improvement in operating profit of €420k excluding non-recurring events, representing 17.5% growth.

It should be noted that the Net Result is calculated after a tax charge of €215k, which will not affect the cash flow.

CONSOLIDATED BALANCE SHEET AS OF JUNE 30, 2020

ASSETS			LIABILITIES		
	H1 2019	H1 2020		H1 2019	H1 2020
Non-current assets	11.60	10.81	Shareholders' Equity	11,42	10.40
Inventory, trade, and other receivables	14.32	14.6	Financial debt and provisions	12.81	12.62
Cash	3.87	2.93	Trade and other payables.	5.7	5.31
TOTAL	29.79	28.34	TOTAL	29.79	28.34

Capital expenditure for the half year amounted to €215k.

Loan payments were offset by new loans: €400k of PGE (state-guaranteed loan) in France, \$850k of PPP in Santier and the balance of the PPP loan from Egide USA for an amount of €794k, of which \$761k was converted into a grant.

MAIN EVENTS SINCE JUNE 30, 2020

As previously disclosed in 2 press releases, there was a fire at the Egide USA facility in Cambridge. This incident is covered by the property damage and business interruption insurance policy taken out in the United States, and an initial \$3m package has already been allocated.

OUTLOOK

At Egide SA, Industry 4.0 modernization program, was frozen until July due to the Pandemic. The project resumed in 3Q as national experts became available again. This project intends to leverage regional French and European public aid supporting the rebound in the markets that the Group addresses. Despite the circumstances related to the health crisis and the associated slowdown in business activity during and since the beginning of the crisis, orders continued to be taken. The order book for the second half of the year at Egide SA is higher than H1 2020 but lower than originally expected.

Santier is experiencing a high volatility of activity due to the current situation related to Covid-19 and the short-term activity will be impacted. However, market trends seem favorable and the strong resilience of the Defense markets should benefit the San Diego facility.

At Egide USA, the impact of the fire in Cambridge will have a negative effect on revenue in the third quarter. The reconstruction work will contribute to the modernization of the Cambridge plant's industrial facilities, which will improve safety, reliability, and efficiency. The accounting treatment of the replacement of destroyed assets will create some profit, with no cash impact. Reduced revenue due to the fire will be compensated by the business interruption insurance.

For the year 2021, management anticipates slight growth in all business units thanks to a few positive signs. But the continuation of the health crisis could limit its ambitions.

Jim Collins, Chairman and CEO, comments: *“Despite the Covid-19 pandemic, which affected all companies to various degrees globally, our company did very well during H1 by growing 16%. We have also seen rapid improvement in our profitability, although admittedly we still have work to do to become the world class company for which we all strive. The response of our team in Cambridge to the industrial fire in July has been very good, and by working with local authorities and third parties to get back to operational status the company has been able to fulfill most of our customers’ demand. The full remediation will be completed in November and will allow for continued improvement of the overall company.”*

FINANCIAL CALENDAR

Half Year 2020 Results presentation to analysts & Investors - <i>By Visio conference</i>	September 30, 2020 – 02:30pm
Availability of the 2020 Half-Year Financial Report	October 1, 2020
2020 full year sales	January 26, 2021

CONTACTS

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About Egide - www.egide-group.com

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

Egide is listed on Euronext Paris™ - Segment C - ISIN code: FR0000072373 – Reuters: EGID.PA – Bloomberg: GID