



SIDETRADE

BUY

Software

GILBERT
DUPONT

GROUPE SOCIETE GENERALE

EPS 12/20e \uparrow +19.9% € 1.42 vs € 1.19 • EPS 12/21e \downarrow -12.6% € 1.32 vs € 1.51

PRICE*
€ 87.50
*closing 22/09/20

TP
€ 110.0
vs € 100.0

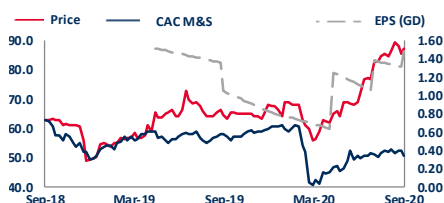
POTENTIAL
+25.7%

Excellent results, ahead of our forecasts

The Group has reported excellent results, ahead of our forecasts (H1 EBIT €1.3m vs. GD €0.9m). Most important is the confirmation of our assumption for an EBIT margin reversal in 2022. TP raised.

H1 results + Contact

Bloomberg ALBFR FP
Market cap. €m 123
Free Float €m 61
Volume (3M) €m 0.07/day



PERFORMANCE	1M	6M	12M
Absolute	+3.6%	+56.3%	+35.4%
Rel. / CAC M&S	+6.6%	+25.5%	+55.6%

AGENDA

20/10/20 (After mkt) : Sales 9m

FINANCIAL ANALYST(S)



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EBIT of €1.3m vs. GD €0.9m

After announcing H1 sales of €14.4m, particularly upbeat given the context (+14%), the Group has reported excellent results. The EBIT thus comes out at €1.3m (vs. €0.7m in H1 19) and the net attributable income at €1.1m (vs. €0.5m). These figures outstrip our forecasts (EBIT of €0.9m and a net attributable income of €0.7m thanks to an increase in OPEX that was less substantial than anticipated (approx. +€0.5m vs. GD +€0.8m) notably due to the covid effect on costs (less travel). We also note the sustained gross margin, which reached 79% vs. 78% for the same period last year.

Our assumption for an EBIT margin reversal in 2022 confirmed

Following discussions with management, we are led to believe that 1/ the commercial pipeline should be upbeat in H2 (bearing out our 2020 sales forecast), and 2/ the increase in OPEX should resume in H2 and gather momentum in 2021. Accordingly, our 2020 sales forecasts are unchanged (€29.0m, +12.8%, +11.5% in H2), however, we have adjusted our OPEX estimate slightly downwards (by -€0.4m to factor in the covid effect on costs) and now anticipate a 2020 EBIT of €2.3m (vs. €1.9m previously). As a result, we have raised our 2020 EPS by +19.9%. We maintain our sales forecast for 2021, but have increased our OPEX forecast and now anticipate a 2021 EBIT of €2.1m (vs. €2.3m previously). Note that, even if we have upped our 2021 OPEX estimate, we confirm our assumption for an EBIT margin reversal in 2022 (GD EBIT of €3.5m vs. €2.1m in 21e) which should, in our view, mark the beginning of operating leverage for the Group.

Buy rating, TP raised to €110 (DCF)

We maintain our Buy rating with a TP raised to €110 (DCF, WACC lowered to 6.4% after updating our market parameters). We consider that Sidertrade combines a considerable number of qualities for a technological group: 1/ a judicious strategy for gaining market share via commercial investments (which, to be sure, weigh down on profitability, but augur substantial operating leverage in the medium term – as early as 2022), 2/ a positioning on a very promising sector (combining the vitality of AI with current challenges for securing cashflow), 3/ a certain technological advantage thanks to its highly reliable algorithms, and 4/ very attractive financial prospects (top line growth of approx. +20% expected in 2021 and 2022, and an EBIT margin reversal starting in 2022).

STOCK RATIOS	12/19	12/20e	12/21e	12/22e
P/E	41.1x	61.4x	66.4x	39.3x
PEG	ns	ns	ns	0.6x
P/CF	36.3x	64.5x	120.0x	54.1x
EV/Sales	3.2x	4.0x	3.3x	2.8x
EV/EBITDA	20.7x	36.2x	35.9x	23.6x
EV/C. EBIT	36.1x	51.4x	55.8x	32.9x
EV/EBIT	37.5x	51.4x	55.8x	32.9x
EV/Capital employed	4.1x	5.5x	4.8x	4.2x
P/BV	6.1x	7.0x	6.4x	5.5x
FCF yield	2.0%	0.9%	0.1%	1.0%
Yield	0.0%	0.0%	0.0%	0.0%

FINANCIAL DATA	12/19	12/20e	12/21e	12/22e
Sales (€m)	25.7	29.0	35.2	42.3
C. EBIT (€m)	2.3	2.3	2.1	3.5
C. EBIT/Sales	8.9%	7.8%	6.0%	8.4%
EBIT (€m)	2.2	2.3	2.1	3.5
Net attributable profit (€m)	2.2	2.0	1.8	3.1
Adjusted EPS (€)	1.63	1.42	1.32	2.22
Chg.	-2.1%	-12.8%	-7.5%	68.9%
FCF (€m)	1.8	1.2	0.1	1.2
Net fin. debt (€m)	-5.0	-6.1	-6.3	-7.5
Gearing	-32.3%	-35.2%	-32.5%	-33.4%
ROCE	15.8%	15.1%	12.1%	17.8%

€m	H1 19	H1 20	Chg.	GD
Sales	12.6	14.4	14%	already rep.
Ebit	0.7	1.3	94%	0.9
Ebit/Sales	5.6%	9.0%	+3.4 pts	6.3%
Net attributable income	0.5	1.1	103%	0.7

PRICE*
€ 87.50
*closing 22/09/20

TP
€ 110.0
vs € 100.0

POTENTIAL
+25.7%

Activity

Main player in Artificial Intelligence related to customer relations B2B, 100% SaaS software publisher

Market data

12M Low/High € 54.00/€ 90.00
Volume (3M) 886 shares/day
Number of shares 1,402,881
Market cap. €m 123
Free Float €m 61
Market Euronext Growth
Sector Software
Bloomberg ALBFR FP
Isin FR0010202606
Index EN Growth Allshare

Shareholders on 31/12/18

Free float 49.6%
Olivier Novasque 32.6%
Treasury shares 7.7%
Odyssee Venture 6.1%
CM-CIC Capital Privé 4.0%

Employees on 31/12/19 239

2019 sales by activity

AI Financials 83%
AI Sales & Marketing 17%

PROFIT LOSS STATEMENT (€m)	12/17	12/18	12/19	12/20e	12/21e	12/22e
Sales	21.6	24.1	25.7	29.0	35.2	42.3
Chg.	19.8%	11.4%	6.6%	12.8%	21.5%	20.0%
Chg. lfi	19.8%	11.4%	17.0%	12.8%	21.5%	20.0%
EBITDA	4.3	3.6	4.0	3.2	3.3	4.9
C. EBIT	2.1	2.3	2.3	2.3	2.1	3.5
EBIT	2.1	2.2	2.2	2.3	2.1	3.5
Net interest income	-0.1	0.0	0.0	0.0	0.0	0.0
Tax	0.1	0.0	0.0	0.3	0.3	0.4
Income from associates	0.0	0.0	0.0	0.0	0.0	0.0
Net earnings from discontinued operations	0.0	0.0	0.0	0.0	0.0	0.0
Minority interests	0.0	0.0	0.0	0.0	0.0	0.0
Net attributable profit	2.0	2.2	2.2	2.0	1.8	3.1
Adjusted net attr. profit	2.0	2.3	2.3	2.0	1.8	3.1

CASH FLOW STATEMENT (€m)	12/17	12/18	12/19	12/20e	12/21e	12/22e
Cash Flow	2.5	2.6	2.4	3.0	3.0	4.5
- Chg. in WCR	1.4	1.7	-0.2	1.1	3.0	3.3
- Capex	0.6	1.0	0.8	0.7	0.9	1.1
= Free Cash Flow	0.6	-0.1	1.8	1.2	0.1	1.2
- Net financial investment	1.2	1.1	0.0	0.0	0.0	0.0
- Dividends	0.0	0.0	0.0	0.0	0.0	0.0
+ Capital increase/Share buybacks	-0.6	0.8	-1.9	0.0	0.0	0.0
+ Others	0.0	0.0	0.0	0.0	0.0	0.0
= Chg. net financial debt	1.2	0.4	0.1	-1.2	-0.1	-1.2

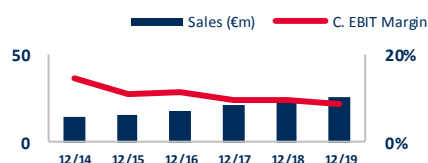
BALANCE SHEET (€m)	12/17	12/18	12/19	12/20e	12/21e	12/22e
Goodwill	8.5	8.9	8.8	8.8	8.8	8.8
Other intangible assets	0.4	0.4	0.4	0.6	0.9	1.2
Tangible assets	0.7	0.7	0.7	0.7	0.7	0.7
Financial assets	0.8	0.7	0.8	0.8	0.8	0.8
WCR	1.3	6.0	9.2	10.3	13.3	16.5
Shareholders' equity (group share)	12.0	15.0	15.4	17.4	19.3	22.4
Minorities	0.0	0.0	0.0	0.0	0.0	1.0
Equity + minorities	12.0	15.0	15.4	17.4	19.3	22.4
Cash and equivalent	6.0	5.5	5.3	6.5	6.6	7.8
Net financial debt	-5.6	-5.1	-5.0	-6.1	-6.3	-7.5
Capital employed	11.8	16.7	19.9	21.2	24.4	28.0

PER SHARE DATA (€)	12/17	12/18	12/19	12/20e	12/21e	12/22e
Number of shares (000)	1,390	1,403	1,403	1,403	1,403	1,403
Number of diluted shares (000)	1,405	1,403	1,403	1,403	1,403	1,403
Adjusted EPS	1.43	1.67	1.63	1.42	1.32	2.22
Reported EPS	1.44	1.55	1.57	1.42	1.32	2.22
CF per share	0.80	0.61	1.85	1.36	0.73	1.62
Book value per share	8.57	10.69	11.01	12.43	13.75	15.97
Dividend	0.00	0.00	0.00	0.00	0.00	0.00
Payout	0%	0%	0%	0%	0%	0%

RATIOS	12/17	12/18	12/19	12/20e	12/21e	12/22e
Gross margin/Sales	100%	100%	100%	100%	100%	100%
EBITDA/Sales	20.0%	15.1%	15.5%	11.1%	9.3%	11.7%
C. EBIT/Sales	9.9%	9.8%	8.9%	7.8%	6.0%	8.4%
EBIT/Sales	9.8%	9.1%	8.6%	7.8%	6.0%	8.4%
Corp. tax rate	2.5%	-1.7%	-1.3%	12.0%	12.0%	12.0%
Adjusted NR/Sales	9.3%	9.7%	8.9%	6.9%	5.2%	7.4%
Capex/Sales	2.6%	4.1%	3.2%	2.6%	2.6%	2.5%
Capex/D&A	0.3x	0.8x	0.5x	0.8x	0.8x	0.8x
FCF/Sales	2.6%	-0.5%	6.9%	4.0%	0.3%	2.9%
FCF/EBITDA	13.2%	ns	44.2%	35.9%	3.6%	24.5%
Goodwill/Equity + minorities	70.9%	59.3%	57.0%	50.5%	45.6%	39.3%
WCR/Sales	6.2%	24.8%	35.8%	35.4%	37.6%	39.0%
Gearing	-46.2%	-33.8%	-32.3%	-35.2%	-32.5%	-33.4%
Net financial debt/EBITDA	-1.3x	-1.4x	-1.2x	-1.9x	-1.9x	-1.5x
EBITDA/Financial charges	63.6x	79.1x	ns	nd	nd	nd
ROCE	24.6%	16.5%	15.8%	15.1%	12.1%	17.8%
ROE	16.7%	15.6%	14.8%	11.5%	9.6%	13.9%

STOCK MARKET DATA	12/17	12/18	12/19	12/20e	12/21e	12/22e
Share price performance	51.8%	-25.6%	34.4%	30.2%	-	-
Share price performance vs. CAC M&S	24.4%	-5.1%	12.9%	55.3%	-	-
Share price High (€)	72.49	71.80	73.40	90.00	-	-
Share price Low (€)	42.05	48.60	50.20	54.00	-	-
Enterprise value (€m)	73.9	83.1	82.6	116.8	117.2	116.6
= Market cap.	79.5	88.0	87.8	122.8	122.8	122.8
+ Net financial debt	-5.6	-5.1	-5.0	-6.1	-6.3	-7.5
+ Minorities	0.0	0.0	0.0	0.0	0.0	0.0
+ Provisions & others	0.7	0.9	0.6	1.0	1.5	2.1
- Financial assets	0.8	0.7	0.8	0.8	0.8	0.8

VALUATION	12/17	12/18	12/19	12/20e	12/21e	12/22e
P/E	46.9x	30.0x	41.1x	61.4x	66.4x	39.3x
PEG	3.9x	1.8x	ns	ns	ns	0.6x
P/CF	83.7x	81.6x	36.3x	64.5x	120.0x	54.1x
EV/Sales	3.4x	3.4x	3.2x	4.0x	3.3x	2.8x
EV/EBITDA	17.1x	22.8x	20.7x	36.2x	35.9x	23.6x
EV/C. EBIT	34.6x	35.4x	36.1x	51.4x	55.8x	32.9x
EV/EBIT	34.8x	38.0x	37.5x	51.4x	55.8x	32.9x
EV/Capital employed	6.3x	5.0x	4.1x	5.5x	4.8x	4.2x
P/BV	7.8x	4.7x	6.1x	7.0x	6.4x	5.5x
FCF yield	0.7%	-0.1%	2.0%	0.9%	0.1%	1.0%
Yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Sales and C. EBIT Margin

DISCLAIMER

The brokerage firm Gilbert Dupont is authorised by the Autorité de Contrôle Prudentiel et de Résolution (ACPR) as an investment services provider and subject to its supervision.

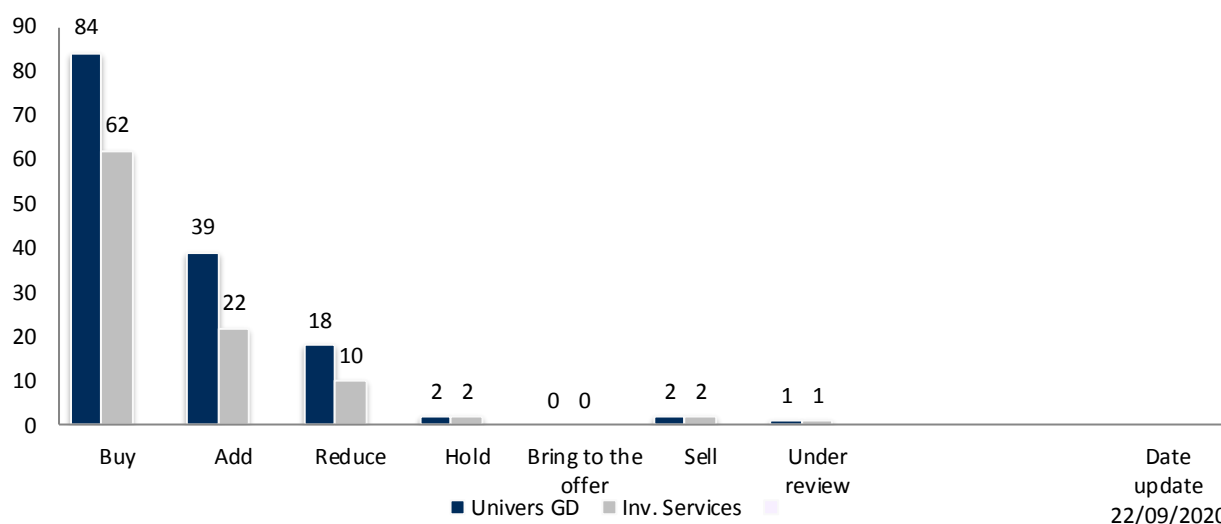
The brokerage firm Gilbert Dupont is also regulated by the AMF in respect of the investment services it is authorised to conduct.

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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. > €m300 the day of entry
- Smallcaps List : Mkt Cap. < €m300 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

DISCLOSURES

1. Gilbert Dupont handles liquidity of the stock, operating as a Liquidity Provider.
2. Gilbert Dupont has a research commitment on the company.
3. Gilbert Dupont handled the placement of the company's share issuance on Eurolist A.
4. Gilbert Dupont handles liquidity of the stock.
5. Gilbert Dupont is Listing Sponsor.
6. Gilbert Dupont handled the placement of the company's share issuance.
7. Gilbert Dupont handled the placement of the company's share issuance on Euronext Growth
8. Gilbert Dupont has signed a service contract with the company.
9. The Crédit du Nord group was the company's joint introducing bank.
10. The Crédit du Nord group was bookkeeper for the company's equity issue.
11. Gilbert Dupont handled the placement of the company's share issuance on Eurolist B.
12. Gilbert Dupont handled the placement of the company's share issuance on Eurolist C.
13. Gilbert Dupont is managing the placement of the Group's capital increase.
14. Gilbert Dupont managed the placement of the Group's capital increase.
15. The stock has been the subject of a tender offer presented by Crédit du Nord.
16. Gilbert Dupont handled the placing of the group's shares.
17. Gilbert Dupont has, in a temporary capacity, a net short position of more than 0.5% of the capital of the issuer.
18. Gilbert Dupont has, in a temporary capacity, a net long position of more than 0.5% of the capital of the issuer.
19. Gilbert Dupont has a mandate to conduct the potential capital increase envisaged by the company
20. Gilbert Dupont is linked to the company via a corporate finance consulting and services contract.
21. 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
22. 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
23. Gilbert Dupont handled the placement of the company's share issuance.
24. Gilbert Dupont handled the placing of the group's bonds

COMPANY	DISCLOSURES APPLICABLES
Sidetrade	2,5

HISTORICAL TARGET PRICE (12M)				HISTORICAL CHANGE OF OPINION (12M)			
Company	Date	Price (€)	TP (€)	Company	Date	Previous	Current
Sidetrade	23/09/20	87.50	110.0	Sidetrade	22/07/20	Add	Buy
Sidetrade	22/07/20	85.50	100.0				
Sidetrade	30/04/20	65.00	70.0				
Sidetrade	22/01/20	67.40	66.5				

VALUATION METHODOLOGY

DCF (110,1 €, wacc: 6,4 %, LT EBIT margin: 13,5 %, LT growth rate: 1,5 %)

RISK(S)

- Macro-economic crisis
- Increased churn rate
- Risk of new entrants