



# Crossject

Supergenerics / France

## Excellent news: production has resumed

Latest - 22/11/2018

### Fact

Crossject announced that the production issue (due to a mould of a Zeneo component which had been damaged during the summer) has been fixed with production having started again yesterday.

### Analysis

As a reminder, the technical issue surrounding a mould of a component was announced together with the release of the H1 results (see our Latest dated 27 September) and (partly) caused a steep fall in the share price which has halved in the last two months. Yesterday's news is, of course, very good news for the group and this all the more since management is now even more aware of the possible occurrence of such issues, and determined to put greater emphasis on maintenance and invest on substitution production tools to face future potential issues. For the time being, the mould has been repaired and the first products validated. After the whole process has been validated, production for clinical studies will resume in spring 2019. Fair enough. Management also seized this opportunity to confirm it is targeting filings for 2020 for most products, although it also insisted it puts an emphasis on Midazolam (Europe), Naloxone (Europe and US) and Epinephrin (Europe and US). The group also confirmed it is targeting licensing agreements in FY19 for Midazolam, Naloxone and Sumatriptan in Europe and/or the US depending on the drug.

### Impact

Altogether, this is very good news and Crossject is back on its feet to keep moving towards its ambitious goals. There is no reason for us to change numbers and/or valuation on the news. Thus, our upside remains huge, as is the market potential for Zeneo.



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AlphaValue is contracted by Crossject to provide equity research on Crossject, using AlphaValue's unique and transparent methods and procedures. Target price and opinion are thus exclusively determined by those methods and procedures.

<b>Buy</b>	<b>Upside: 1,019%</b>
Target Price (6 months)	€ 14.9
Share Price	€ 1.33
Market Cap. €M	12.3
Price Momentum	<b>UNFAVORABLE</b>
Extremes 12Months	1.22 ▶ 4.80
Bloomberg	ALCJ FP Equity
Reuters	ALCJ.PA

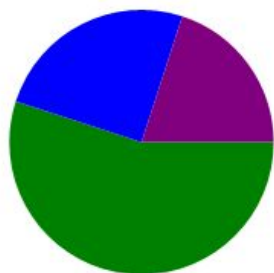

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PERF	1w	1m	3m	12m
Crossject	-2.92%	-1.63%	-59.9%	-69.8%
Pharma	-0.74%	-0.01%	-1.11%	4.29%
STOXX 600	-1.99%	-1.30%	-7.57%	-8.51%

Last updated: 03/10/2018	12/16A	12/17A	12/18E	12/19E
Adjusted P/E (x)	-7.64	-5.45	-1.46	-1.82
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-9.19	-6.78	-1.12	-2.16
Adjusted EPS (€)	-0.98	-0.97	-0.91	-0.73
Growth in EPS (%)	n/a	n/a	n/a	n/a
Dividend (€)	0.00	0.00	0.00	0.00
Sales (€M)	1.43	4.14	4.00	4.01
EBIT margin (%)	0.00	0.00	0.00	0.00
Attributable net profit (€M)	-6.66	-7.61	-8.12	-6.72
ROE (after tax) (%)	-88.4	-123	-169	-2,551
Gearing (%)	-62.3	-42.6	-67.9	

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## Sales by Geography



■ Americas (55.0%)  
■ Europe (25.0%)  
■ Asia (20.0%)

## Consolidated P&L Accounts

		12/17A	12/18E	12/19E
Sales	€M	4.14	4.00	4.01
Change in sales	%	190	-3.44	0.25
Change in staff costs	%	33.0	23.7	11.3
EBITDA	€M	-6.35	-8.82	-6.73
<b>EBITDA(R) margin</b>	%	<b>-153</b>	<b>-221</b>	<b>-168</b>
Depreciation	€M	-2.28	-3.00	-3.00
Underlying operating profit	€M	-8.62	-11.8	-9.73
<b>Operating profit (EBIT)</b>	<b>€M</b>	<b>-8.62</b>	<b>-11.8</b>	<b>-9.73</b>
Net financial expense	€M	0.16	-0.30	-0.30
of which related to pensions	€M		0.00	0.00
Exceptional items & other	€M	-0.28	0.00	0.00
Corporate tax	€M	1.13	4.00	3.31
Equity associates	€M			
Minority interests	€M			
<b>Adjusted attributable net profit</b>	<b>€M</b>	<b>-7.61</b>	<b>-8.12</b>	<b>-6.72</b>
NOPAT	€M	-6.03	-8.28	-6.81

## Cashflow Statement

		12/17A	12/18E	12/19E
EBITDA	€M	-6.35	-8.82	-6.73
Change in WCR	€M	0.94	0.53	0.72
Actual div. received from equity holdi...	€M	0.00	0.00	0.00
Paid taxes	€M	0.00	4.00	3.31
Exceptional items	€M	0.00	0.00	0.00
Other operating cash flows	€M	0.00	0.00	0.00
Total operating cash flows	€M	-5.41	-4.29	-2.70
Capital expenditure	€M	-4.25	-4.05	-1.60
Total investment flows	€M	-4.25	-4.05	-1.60
Net interest expense	€M	0.16	-0.30	-0.30
Dividends (parent company)	€M			
Dividends to minorities interests	€M	0.00	0.00	0.00
New shareholders' equity	€M	7.41	5.30	0.00
Total financial flows	€M	9.40	7.39	3.46
Change in cash position	€M	-0.25	-0.95	-0.84
<b>Free cash flow (pre div.)</b>	<b>€M</b>	<b>-9.49</b>	<b>-8.64</b>	<b>-4.60</b>

## Per Share Data

		12/17A	12/18E	12/19E
No. of shares net of treas. stock (year...	Mio	8.64	9.10	9.10
Number of diluted shares (average)	Mio	7.87	8.92	9.20
<b>Benchmark EPS</b>	<b>€</b>	<b>-0.97</b>	<b>-0.91</b>	<b>-0.73</b>
Restated NAV per share	€			
<b>Net dividend per share</b>	<b>€</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

## Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	€ 19.8	40%	■ Faes Farma
NAV/SOTP per share	€ 17.2	40%	■ Hikma Pharmaceuti...
P/E	€ 0.66	5%	■ Ipsen
EV/Ebitda	€ 0.00	5%	■ Stada Arzneimittel
P/Book	€ 0.66	5%	■ UCB
Dividend Yield	€ 0.00	5%	
TARGET PRICE	€ 14.9	100%	

### NAV/SOTP Calculation

## Balance Sheet

		12/17A	12/18E	12/19E
Goodwill	€M	0.00	0.00	0.00
Total intangible	€M	4.06	3.31	2.56
Tangible fixed assets	€M	6.52	8.32	7.67
Financial fixed assets	€M	0.10	0.10	0.10
WCR	€M	-3.11	-3.64	-4.36
Other assets	€M	2.33	2.57	2.81
Total assets (net of short term liab.)	€M	9.94	10.7	8.82
<b>Ordinary shareholders' equity</b>	<b>€M</b>	<b>6.09</b>	<b>3.50</b>	<b>-2.98</b>
Quasi Equity & Preferred	€M			
Minority interests	€M			
Provisions for pensions	€M	0.00	0.00	0.00
Other provisions for risks and liabilities	€M	0.09	0.09	0.09
Total provisions for risks and liabilities	€M	0.09	0.09	0.09
Tax liabilities	€M	0.00	0.00	0.00
Other liabilities	€M	6.26	9.36	9.36
<b>Net debt (cash)</b>	<b>€M</b>	<b>-2.50</b>	<b>-2.26</b>	<b>2.34</b>
Total liab. and shareholders' equity	€M	9.94	10.7	8.82

## Capital Employed

		12/17A	12/18E	12/19E
Capital employed after depreciation	€M	7.57	8.09	5.97

## Profits & Risks Ratios

		12/17A	12/18E	12/19E
<b>ROE (after tax)</b>	%	<b>-123</b>	<b>-169</b>	<b>-2,551</b>
ROCE	%	-79.8	-102	-114
<b>Gearing (at book value)</b>	%	<b>-42.6</b>	<b>-67.9</b>	
Adj. Net debt/EBITDA(R)	x	0.39	0.26	-0.35
Interest cover (x)	x	53.9	-39.4	-32.4

## Valuation Ratios

		12/17A	12/18E	12/19E
<b>Reference P/E (benchmark)</b>	<b>x</b>	<b>-5.45</b>	<b>-1.46</b>	<b>-1.82</b>
Free cash flow yield	%	-20.9	-71.5	-38.1
P/Book	x	7.47	3.45	-4.06
<b>Dividend yield</b>	%	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

## EV Calculation

		12/17A	12/18E	12/19E
Market cap	€M	45.5	12.1	12.1
+ Provisions	€M	0.09	0.09	0.09
+ Unrecognised actuarial losses/(gains)	€M	0.00	0.00	0.00
+ Net debt at year end	€M	-2.50	-2.26	2.34
+ Leases debt equivalent	€M	0.00	0.00	0.00
- Financial fixed assets (fair value)	€M			
+ Minority interests (fair value)	€M			
= EV	€M	43.0	9.92	14.5
<b>EV/EBITDA(R)</b>	<b>x</b>	<b>-6.78</b>	<b>-1.12</b>	<b>-2.16</b>
EV/Sales	x	10.4	2.48	3.62

Analyst : Fabrice Farigoule, Changes to Forecasts : 03/10/2018.