



Crossject

Supergenerics / France

Slowly but surely

Earnings/sales releases - 15/03/2019

Fact

Crossject released its FY18 results. Revenues reached €3.52m vs €4.14m, operating result €-11,556k vs €-8,621k, and the net result €-10,711k vs €-7,611k. Net cash at the end of FY18 amounted to €4.82m vs €2.8m a year before.

Analysis

As usual, we recall that the numbers are of little relevance since the story of Crossject is based on the future launch of Zeneo combined with the NTEs the group is targeting, and, in particular, that the group's top-line has so far little meaning, as well as the losses posted by the company. Still, we note that operating costs have gone up (roughly from €13m to €15m, particularly on higher wages and depreciation, which illustrates the ramp-up of production capacities as well as the "structuring" of Crossject ahead of product launches (and accounting for the production incident last autumn, a mold of a Zeneo component having been damaged during the summer). The numbers are nonetheless in line with ours (operating result €-11.8m) except for the (negative) tax level, but no big issue there. In terms of cash flows, no surprises either, with a net cash position up €2m after the financing initiatives carried out in FY18 (convertible bonds in February and July, capital increase in December). With respect to its financing, the group indicates that it is pursuing its strategy of focusing on non-dilutive tools (incentives, loans from local/national public bodies such as the €1.1m one granted in January 2019) which we see as a support for its share price evolution.

Looking forward, Crossject indicated that the calendar for the product filings is unchanged, with Naloxone, Midazolam and Adrenaline as the first candidates in FY20, with some licensing agreements in Europe/the US expected in the current year. Also, Naloxone should benefit from the stronger focus on drugs enabling to fight overdoses in the US, with the potential possibility of buying them over-the-counter. Lastly, the group has obtained the "pharma" status, ("Etablissement Pharmaceutique"), granted by ANSM (Agence Nationale de Sécurité du Médicament) in February. This enables Crossject to certify their production and carry in-house quality controls, which is another milestone for the company on its way to the market.

Impact

We will not materially change our forecasts after the release. This said, products are getting closer to the market, while financing issues are progressively addressed which comforts our positive stance on the stock and its prospects.



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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.

Buy	Upside: 395%
Target Price (6 months)	€ 10.4
Share Price	€ 2.10
Market Cap. €M	19.5
Price Momentum	GOOD
Extremes 12Months	1.07 ▶ 4.31
Bloomberg	ALCJ FP Equity
Reuters	ALCJ.PA

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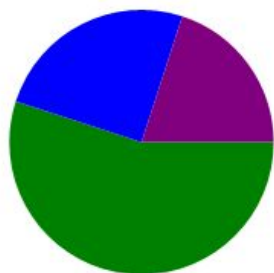


PERF	1w	1m	3m	12m
Crossject	-1.87%	63.8%	59.1%	-51.3%
Pharma	1.30%	4.86%	7.05%	18.2%
STOXX 600	1.24%	4.34%	9.02%	0.95%

Last updated: 24/12/2018	12/17A	12/18E	12/19E	12/20E
Adjusted P/E (x)	-5.28	-4.27	-4.23	-5.32
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-6.57	-4.06	-3.96	-6.72
Adjusted EPS (€)	-0.97	-0.73	-0.50	-0.39
Growth in EPS (%)	n/a	n/a	n/a	n/a
Dividend (€)	0.00	0.00	0.00	0.00
Sales (€M)	4.14	4.00	4.01	4.01
EBIT margin (%)	0.00	0.00	0.00	0.00
Attributable net profit (€M)	-7.61	-8.12	-6.72	-5.34
ROE (after tax) (%)	-123	-120	-158	350
Gearing (%)	-42.6	-58.4	-387	

[Company Valuation](#) - [Company Financials](#)

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
EBITDA(R) margin	%	-153	-221	-168
Depreciation	€M	-2.28	-3.00	-3.00
Underlying operating profit	€M	-8.62	-11.8	-9.73
Operating profit (EBIT)	€M	-8.62	-11.8	-9.73
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			
Adjusted attributable net profit	€M	-7.61	-8.12	-6.72
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	9.30	0.00
Total financial flows	€M	9.40	11.4	3.46
Change in cash position	€M	-0.25	3.05	-0.84
Free cash flow (pre div.)	€M	-9.49	-8.64	-4.60

Per Share Data

		12/17A	12/18E	12/19E
No. of shares net of treas. stock (year...	Mio	8.64	13.4	13.4
Number of diluted shares (average)	Mio	7.87	11.1	13.5
Benchmark EPS	€	-0.97	-0.73	-0.50
Restated NAV per share	€			
Net dividend per share	€	0.00	0.00	0.00

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	€ 13.9	40%	■ Faes Farma
NAV/SOTP per share	€ 11.9	40%	■ Hikma Pharmaceuti...
P/E	€ 1.05	5%	■ Ipsen
EV/Ebitda	€ 0.00	5%	■ UCB
P/Book	€ 1.05	5%	
Dividend Yield	€ 0.00	5%	
TARGET PRICE	€ 10.4	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
Ordinary shareholders' equity	€M	6.09	7.50	1.02
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
Net debt (cash)	€M	-2.50	-6.26	-1.66
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
ROE (after tax)	%	-123	-120	-158
ROCE	%	-79.8	-102	-114
Gearing (at book value)	%	-42.6	-58.4	-387
Adj. Net debt/EBITDA(R)	x	0.39	0.71	0.25
Interest cover (x)	x	53.9	-39.4	-32.4

Valuation Ratios

		12/17A	12/18E	12/19E
Reference P/E (benchmark)	x	-5.28	-4.27	-4.23
Free cash flow yield	%	-21.5	-20.6	-16.3
P/Book	x	7.24	5.60	27.5
Dividend yield	%	0.00	0.00	0.00

EV Calculation

		12/17A	12/18E	12/19E
Market cap	€M	44.1	42.0	28.2
+ 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	-6.26	-1.66
+ Leases debt equivalent	€M	0.00	0.00	0.00
- Financial fixed assets (fair value)	€M			
+ Minority interests (fair value)	€M			
= EV	€M	41.7	35.8	26.6
EV/EBITDA(R)	x	-6.57	-4.06	-3.96
EV/Sales	x	10.1	8.96	6.64

Analyst : Fabrice Farigoule, Changes to Forecasts : 24/12/2018.