



# Crossject

Supergenerics / France

## Warrants to existing shareholders

Financing issue - 10/07/2019

### Fact

Crossject indicated that it would grant shareholders free warrants (BSA). Each share held could translate into one warrant, with nine warrants entitling holders to get a share in Crossject at €1.80.

### Analysis

The move was expected and the main shareholder (Gemmes Venture, 26.74%) has already indicated it will exercise its warrants. Altogether, should all warrants be exercised, this would lead to the issuance of 18,447k warrants and 2,049k shares, or €3,689m. The warrants will be granted on 18 July and exercisable between 18 July and 10 December 2019. The maximum dilution will be c.11.11%. The (expected) move is welcomed insofar as it solves the financing issue (on top of advances, subsidies, CIR, commercial agreements, etc.), the company estimating it needs €12m in the next 12 months. However, Crossject is also working on additional (ideally non-dilutive) means to increase its financial firepower to finance its development programme before the market launch of Zeneo.

### Impact

The impact will be minor on our numbers, the potential extra-dilution being compensated by the cash inflow.



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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: 444%</b>
Target Price (6 months)	€ 10.2
Share Price	€ 1.88
Market Cap. €M	34.5
Price Momentum	<b>GOOD</b>
Extremes 12Months	1.07 ▶ 3.74
Bloomberg	ALCJ FP Equity
Reuters	ALCJ.PA

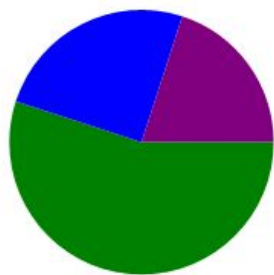

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PERF	1w	1m	3m	12m
Crossject	-2.85%	-5.30%	-5.78%	-44.6%
Pharma	-0.48%	4.11%	2.79%	14.1%
STOXX 600	-0.35%	2.77%	0.58%	0.87%

Last updated: 05/06/2019	12/18A	12/19E	12/20E	12/21E
Adjusted P/E (x)	-3.25	-3.90	-5.44	8.48
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-5.33	-4.76	-7.52	6.10
Adjusted EPS (€)	-0.96	-0.48	-0.34	0.22
Growth in EPS (%)	n/a	n/a	n/a	n/a
Dividend (€)	0.00	0.00	0.00	0.00
Sales (€M)	3.52	4.01	4.01	27.3
EBIT margin (%)	0.00	0.00	0.00	100.0
Attributable net profit (€M)	-10.7	-7.65	-6.32	4.06
ROE (after tax) (%)	-276	-1,178	186	-157
Gearing (%)	-23.7			1,321

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## Sales by Geography



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

## Consolidated P&L Accounts

		12/18A	12/19E	12/20E
Sales	€M	3.52	4.01	4.01
Change in sales	%	-14.9	13.8	0.00
Change in staff costs	%	29.2	22.8	11.3
EBITDA	€M	-8.23	-7.40	-5.40
<b>EBITDA(R) margin</b>	<b>%</b>	<b>-234</b>	<b>-184</b>	<b>-135</b>
Depreciation	€M	-3.32	-3.32	-3.32
Underlying operating profit	€M	-11.6	-10.7	-8.73
<b>Operating profit (EBIT)</b>	<b>€M</b>	<b>-11.6</b>	<b>-10.7</b>	<b>-8.73</b>
Net financial expense	€M	-0.70	-0.70	-0.70
of which related to pensions	€M		0.00	0.00
Exceptional items & other	€M	-0.01	0.00	0.00
Corporate tax	€M	1.59	3.77	3.11
Equity associates	€M			
Minority interests	€M			
<b>Adjusted attributable net profit</b>	<b>€M</b>	<b>-10.7</b>	<b>-7.65</b>	<b>-6.32</b>
NOPAT	€M	-8.09	-7.50	-6.11

## Cashflow Statement

		12/18A	12/19E	12/20E
EBITDA	€M	-8.23	-7.40	-5.40
Change in WCR	€M	-1.06	1.36	-0.76
Actual div. received from equity holdi...	€M	0.00	0.00	0.00
Paid taxes	€M	1.59	3.77	3.11
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	-7.70	-2.27	-3.06
Capital expenditure	€M	-3.27	-1.60	-1.66
Total investment flows	€M	-3.27	-1.60	-1.66
Net interest expense	€M	-0.70	-0.70	-0.70
Dividends (parent company)	€M			
Dividends to minorities interests	€M	0.00	0.00	0.00
New shareholders' equity	€M	11.8	5.40	0.00
Total financial flows	€M	12.5	7.50	13.3
Change in cash position	€M	1.53	3.63	8.55
<b>Free cash flow (pre div.)</b>	<b>€M</b>	<b>-11.7</b>	<b>-4.57</b>	<b>-5.41</b>

## Per Share Data

		12/18A	12/19E	12/20E
No. of shares net of treas. stock (year...	Mio	13.4	18.2	18.2
Number of diluted shares (average)	Mio	11.1	15.9	18.3
<b>Benchmark EPS</b>	<b>€</b>	<b>-0.96</b>	<b>-0.48</b>	<b>-0.34</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	€ 15.2	40%	■ Faes Farma
NAV/SOTP per share	€ 10.1	40%	■ Hikma Pharmaceuti...
P/E	€ 0.94	5%	■ Ipsen
EV/Ebitda	€ 0.00	5%	■ UCB
P/Book	€ 0.94	5%	
Dividend Yield	€ 0.00	5%	
TARGET PRICE	€ 10.2	100%	

### NAV/SOTP Calculation

## Balance Sheet

		12/18A	12/19E	12/20E
Goodwill	€M	0.00	0.00	0.00
Total intangible	€M	4.65	3.82	2.99
Tangible fixed assets	€M	6.34	5.45	4.62
Financial fixed assets	€M	0.10	0.10	0.10
WCR	€M	-2.05	-3.41	-2.64
Other assets	€M	2.02	2.26	2.50
Total assets (net of short term liab.)	€M	11.3	8.46	7.80
<b>Ordinary shareholders' equity</b>	<b>€M</b>	<b>1.66</b>	<b>-0.36</b>	<b>-6.43</b>
Quasi Equity & Preferred	€M			
Minority interests	€M			
Provisions for pensions	€M		0.00	0.00
Other provisions for risks and liabilities	€M	0.13	0.13	0.13
Total provisions for risks and liabilities	€M	0.13	0.13	0.13
Tax liabilities	€M	0.00	0.00	0.00
Other liabilities	€M	7.81	7.81	7.81
<b>Net debt (cash)</b>	<b>€M</b>	<b>1.72</b>	<b>0.88</b>	<b>6.30</b>
Total liab. and shareholders' equity	€M	11.3	8.46	7.80

## Capital Employed

		12/18A	12/19E	12/20E
Capital employed after depreciation	€M	9.05	5.96	5.06

## Profits & Risks Ratios

		12/18A	12/19E	12/20E
<b>ROE (after tax)</b>	<b>%</b>	<b>-276</b>	<b>-1,178</b>	<b>186</b>
ROCE	%	-89.4	-126	-121
<b>Gearing (at book value)</b>	<b>%</b>	<b>-23.7</b>		
Adj. Net debt/EBITDA(R)	x	-0.21	-0.12	-1.17
Interest cover (x)	x	-16.5	-15.3	-12.5

## Valuation Ratios

		12/18A	12/19E	12/20E
<b>Reference P/E (benchmark)</b>	<b>x</b>	<b>-3.25</b>	<b>-3.90</b>	<b>-5.44</b>
Free cash flow yield	%	-27.8	-13.4	-15.8
P/Book	x	25.4	-96.0	-5.32
<b>Dividend yield</b>	<b>%</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

## EV Calculation

		12/18A	12/19E	12/20E
Market cap	€M	42.0	34.2	34.2
+ Provisions	€M	0.13	0.13	0.13
+ Unrecognised actuarial losses/(gains)	€M	0.00	0.00	0.00
+ Net debt at year end	€M	1.72	0.88	6.30
+ Leases debt equivalent	€M	0.00	0.00	0.00
- Financial fixed assets (fair value)	€M			
+ Minority interests (fair value)	€M			
= EV	€M	43.8	35.2	40.6
<b>EV/EBITDA(R)</b>	<b>x</b>	<b>-5.33</b>	<b>-4.76</b>	<b>-7.52</b>
EV/Sales	x	12.4	8.78	10.1

Analyst : Fabrice Farigoule, Changes to Forecasts : 05/06/2019.