



# Crossject

Supergenerics / France

## H1 19: no surprise

Earnings/sales releases - 10/09/2019

### Fact

Crossject released its H1 19 results. Revenues reached €1,844k (vs €2,840k), operating result €-5,873k (vs €-5,337k), and the net result €4,953k (vs €-4,744k). Net cash at the end of H1 19 was €1.5m (vs €0.8m) and €4.82m at the end of FY18.

### Analysis

As always, results as such are not very important since no product has reached the market yet, except for the cash-burn (excluding new financing) which has reached €4.3m, a “decent” number. Turnover reached €0.5m, a direct consequence of the agreement with German Desitin on the licensing, distribution and promotion, until 10 years after commercial launch, of Zeneo Midazolam in Germany (see our paper dated 18 June 2019). The company also indicated that the calendar for product filings is unchanged, with Naloxone, Midazolam and Adrenaline as the first candidates in FY20. On the P&L front, it is worth mentioning that external charges were well under control (-21.7% to €3.2m) due to the decrease in external staffing and a tight control of inventories. As a result, and despite the decrease in total revenues due to a lower production level, the operating result was almost flat year-on-year, “only” down from €-5.3m to €-5.7m. In terms of financing, the group asserts it is expecting an additional €4m cash-inflow in the next 12 months (from the Piave programme, tax credits or Desitin’s milestones) while it is working on other options, with a priority put on non-dilutive ones. The potential signature of new commercial agreements could ease things, but it is of course impossible to bet on it and even harder to guess what the timing of such a prospect could be.

### Impact

No big change to our numbers and valuation to be expected after this release. The question mark on financing remains, which is no surprise and certainly caps the share price performance before more is known on potential commercial agreements. This does not change our positive view on the group’s progress on its way to reach the market, with a very significant upside potential for the share price once the first launches actually take place.



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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: 586%</b>
Target Price (6 months)	€ 10.2
Share Price	€ 1.49
Market Cap. €M	27.4
Price Momentum	<b>UNFAVORABLE</b>
Extremes 12Months	1.07 ▶ 2.98
Bloomberg	ALCJ FP Equity
Reuters	ALCJ.PA

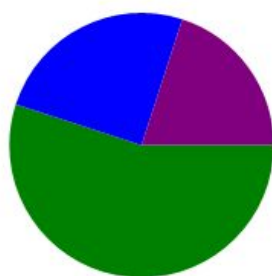

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PERF	1w	1m	3m	12m
Crossject	2.41%	-6.60%	-25.0%	-50.2%
Pharma	-1.85%	0.77%	5.81%	14.6%
STOXX 600	1.41%	3.90%	2.27%	3.29%

Last updated: 05/06/2019	12/18A	12/19E	12/20E	12/21E
Adjusted P/E (x)	-3.25	-3.09	-4.31	6.71
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-5.33	-3.80	-6.20	5.40
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>-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	€ 0.74	5%	■ Ipsen
EV/Ebitda	€ 0.00	5%	■ UCB
P/Book	€ 0.74	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>-276</b>	<b>-1,178</b>	<b>186</b>
ROCE	%	-89.4	-126	-121
<b>Gearing (at book value)</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>-3.09</b>	<b>-4.31</b>
Free cash flow yield	%	-27.8	-16.9	-20.0
P/Book	x	25.4	-76.0	-4.21
<b>Dividend yield</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	27.1	27.1
+ 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	28.1	33.5
<b>EV/EBITDA(R)</b>	<b>x</b>	<b>-5.33</b>	<b>-3.80</b>	<b>-6.20</b>
EV/Sales	x	12.4	7.01	8.36

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