



Crossject

Supergenerics / France



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Update on the company's activities

Significant news - 11/12/2017

Fact

Crossject has updated the financial community on both its industrial process and the NTE approvals.

Analysis

On the positive side, the company indicated that the issues in the "PARC" production line in Dijon (tubes "Prêts A Remplir" ready-to-fill tubes) have been fixed and confirmed it had delivered the first tubes to Cenexi. Market approval files in Europe and the US were also confirmed (FY19 for Zeneo® Sumatriptan, Zeneo® Midazolam, Zeneo® Adrenaline, Zeneo® Hydrocortisone, Zeneo® Naloxone, FY20 for Zeneo® Methotrexate and Zeneo® Terbutaline). On the less positive side, the group also indicated that it is still negotiating an exclusive distribution agreement in the US for Zeneo Sumatriptan (to be signed in H1 18), while it was previously planned to be ready by the 2017 year-end. This is only a small delay but, of course, the market reacted negatively last Friday. As we have written on in several occasions, delays are not only postponing future cash flows for Crossject but also casting doubts on the future success of the company. We are not worried at this stage and delays are also a "normal" feature for any new product, but the stock will remain under pressure as long as such announcements are made.

Impact

No change to our forecasts after this rather qualitative update.

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: 311%
Target Price (6 months)	€ 16.1
Share Price	€ 3.91
Market Cap. €M	34.5
Price Momentum	NEGATIVE
Extremes 12Months	3.91 ▶ 6.80
Bloomberg	ALCJ FP Equity
Reuters	ALCJ.PA

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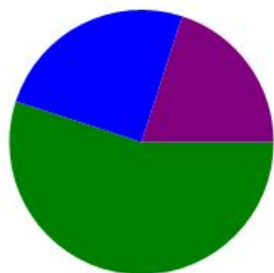


PERF	1w	1m	3m	12m
Crossject	-10.9%	-10.3%	-27.2%	-14.3%
Pharma	-0.58%	0.73%	-2.36%	11.2%
STOXX 600	0.41%	0.09%	2.54%	9.47%

Last updated: 06/11/2017	12/15A	12/16A	12/17E	12/18E
Adjusted P/E (x)	-8.17	-8.04	-9.56	-11.0
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-7.63	-9.70	-11.2	-6.33
Adjusted EPS (€)	-0.88	-0.98	-0.41	-0.36
Growth in EPS (%)	n/a	n/a	n/a	n/a
Dividend (€)	0.00	0.00	0.00	0.00
Sales (€M)	2.37	1.43	2.00	2.00
EBIT margin (%)	ns	ns	-196	ns
Attributable net profit (€M)	-5.73	-6.66	-3.22	-3.09
ROE (after tax) (%)	-49.2	-88.4	-44.0	-44.6
Gearing (%)	-91.3	-62.3	-46.4	-183

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

Sales by Geography



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

Consolidated P&L Accounts

		12/16A	12/17E	12/18E
Sales	€M	1.43	2.00	2.00
Change in sales	%	-39.8	40.2	0.00
Change in staff costs	%	5.41	17.7	12.2
EBITDA	€M	-5.52	-2.57	-2.97
EBITDA(R) margin	%	-387	-129	-148
Depreciation	€M	-1.77	-1.35	-1.35
Underlying operating profit	€M	-7.29	-3.92	-4.32
Operating profit (EBIT)	€M	-7.29	-3.92	-4.32
Net financial expense	€M	-1.06	-0.30	-0.30
of which related to pensions	€M		0.00	0.00
Exceptional items & other	€M	0.59	0.00	0.00
Corporate tax	€M	1.10	1.00	1.52
Equity associates	€M			
Minority interests	€M			
Adjusted attributable net profit	€M	-6.66	-3.22	-3.09
NOPAT	€M	-5.10	-2.74	-3.02

Cashflow Statement

		12/16A	12/17E	12/18E
EBITDA	€M	-5.52	-2.57	-2.97
Change in WCR	€M	-0.33	0.46	0.21
Actual div. received from equity holdi...	€M	0.00	0.00	0.00
Paid taxes	€M	0.00	1.00	1.52
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	-5.85	-1.11	-1.23
Capital expenditure	€M	-6.00	-0.50	-0.53
Total investment flows	€M	-6.00	-0.50	-0.53
Net interest expense	€M	-1.06	-0.30	-0.30
Dividends (parent company)	€M			
Dividends to minorities interests	€M	0.00	0.00	0.00
New shareholders' equity	€M	4.10	4.30	0.00
Total financial flows	€M	9.00	0.96	10.9
Change in cash position	€M	-2.85	-0.65	9.16
Free cash flow (pre div.)	€M	-12.9	-1.91	-2.06

Per Share Data

		12/16A	12/17E	12/18E
No. of shares net of treas. stock (year...	Mio	7.11	8.64	8.64
Number of diluted shares (average)	Mio	6.80	7.87	8.69
Benchmark EPS	€	-0.98	-0.41	-0.36
Restated NAV per share	€			
Net dividend per share	€	0.00	0.00	0.00

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	€ 21.5	40%	■ Faes Farma
NAV/SOTP per share	€ 18.2	40%	■ Hikma Pharmaceuti...
P/E	€ 1.96	5%	■ Ipsen
EV/Ebitda	€ 0.00	5%	■ Stada Arzneimittel
P/Book	€ 1.96	5%	■ UCB
Dividend Yield	€ 0.00	5%	
TARGET PRICE	€ 16.1	100%	

NAV/SOTP Calculation

Balance Sheet

		12/16A	12/17E	12/18E
Goodwill	€M	0.00	0.00	0.00
Total intangible	€M	2.51	2.17	1.83
Tangible fixed assets	€M	5.78	5.27	4.78
Financial fixed assets	€M	0.10	0.10	0.10
WCR	€M	-2.17	-2.63	-2.84
Other assets	€M	1.97	2.97	3.21
Total assets (net of short term liab.)	€M	8.24	7.93	7.14
Ordinary shareholders' equity	€M	6.28	8.36	5.51
Quasi Equity & Preferred	€M			
Minority interests	€M			
Provisions for pensions	€M	0.00	0.00	0.00
Other provisions for risks and liabilities	€M	0.12	0.12	0.12
Total provisions for risks and liabilities	€M	0.12	0.12	0.12
Tax liabilities	€M	0.00	0.00	0.00
Other liabilities	€M	4.52	4.52	16.6
Net debt (cash)	€M	-2.69	-5.08	-15.1
Total liab. and shareholders' equity	€M	8.24	7.93	7.14

Capital Employed

		12/16A	12/17E	12/18E
Capital employed after depreciation	€M	6.22	4.91	3.88

Profits & Risks Ratios

		12/16A	12/17E	12/18E
ROE (after tax)	%	-88.4	-44.0	-44.6
ROCE	%	-82.1	-55.9	-77.9
Gearing (at book value)	%	-62.3	-46.4	-183
Adj. Net debt/EBITDA(R)	x	0.49	1.97	5.09
Interest cover (x)	x	-6.88	-13.1	-14.4

Valuation Ratios

		12/16A	12/17E	12/18E
Reference P/E (benchmark)	x	-8.04	-9.56	-11.0
Free cash flow yield	%	-23.0	-5.67	-6.10
P/Book	x	8.92	4.04	6.13
Dividend yield	%	0.00	0.00	0.00

EV Calculation

		12/16A	12/17E	12/18E
Market cap	€M	56.1	33.8	33.8
+ Provisions	€M	0.12	0.12	0.12
+ Unrecognised actuarial losses/(gains)	€M	0.00	0.00	0.00
+ Net debt at year end	€M	-2.69	-5.08	-15.1
+ Leases debt equivalent	€M	0.00	0.00	0.00
- Financial fixed assets (fair value)	€M			
+ Minority interests (fair value)	€M			
= EV	€M	53.5	28.8	18.8
EV/EBITDA(R)	x	-9.70	-11.2	-6.33
EV/Sales	x	37.5	14.4	9.38

Analyst : Fabrice Farigoule, Changes to Forecasts : 06/11/2017.