



Crossject

Supergenerics / France

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Bond conversion

Significant news - 23/10/2018

Fact

Crossject has announced that Gemme Venture, the company's main shareholder, had converted 100% of the convertible bonds (869,565) it had subscribed to in July, at a price of €1.4892, thus leading to the creation of 591,304 new shares (+6.3%) and raising its stake to 24.3% (from c.20%).

Analysis

The news confirms the confidence of Gemme Venture in the business model and translates into a c. €880k strengthening of shareholders' funds, which reached €2.35m at the end of June 2018.

Impact

No major change to our numbers after the news. The extra dilution is compensated by a lower level of net debt, of course, and as such the conversion does not much change our numbers/valuation, which are once again essentially driven by future 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: 1,001%
Target Price (6 months)	€ 14.9
Share Price	€ 1.35
Market Cap. €M	12.5
Price Momentum	NEGATIVE
Extremes 12Months	1.35 ▶ 4.83
Bloomberg	ALCJ FP Equity
Reuters	ALCJ.PA

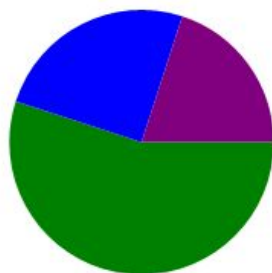

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PERF	1w	1m	3m	12m
Crossject	-10.0%	-51.5%	-60.3%	-69.4%
Pharma	3.60%	1.71%	0.60%	1.90%
STOXX 600	0.12%	-6.39%	-6.71%	-7.79%

Last updated: 03/10/2018	12/16A	12/17A	12/18E	12/19E
Adjusted P/E (x)	-7.64	-5.45	-1.48	-1.85
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-9.19	-6.78	-1.15	-2.19
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
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	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
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	9.10	9.10
Number of diluted shares (average)	Mio	7.87	8.92	9.20
Benchmark EPS	€	-0.97	-0.91	-0.73
Restated NAV per share	€			
Net dividend per share	€	0.00	0.00	0.00

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	€ 19.8	40%	■ Faes Farma
NAV/SOTP per share	€ 17.2	40%	■ Hikma Pharmaceuti...
P/E	€ 0.68	5%	■ Ipsen
EV/Ebitda	€ 0.00	5%	■ Stada Arzneimittel
P/Book	€ 0.68	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
Ordinary shareholders' equity	€M	6.09	3.50	-2.98
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	-2.26	2.34
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	-169	-2,551
ROCE	%	-79.8	-102	-114
Gearing (at book value)	%	-42.6	-67.9	
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
Reference P/E (benchmark)	x	-5.45	-1.48	-1.85
Free cash flow yield	%	-20.9	-70.3	-37.4
P/Book	x	7.47	3.51	-4.13
Dividend yield	%	0.00	0.00	0.00

EV Calculation

		12/17A	12/18E	12/19E
Market cap	€M	45.5	12.3	12.3
+ 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	10.1	14.7
EV/EBITDA(R)	x	-6.78	-1.15	-2.19
EV/Sales	x	10.4	2.53	3.67

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