



Crossject

Supergenerics / France

A €2.6m non-dilutive issue

Financing issue - 20/11/2019

Fact

Crossject has announced it has obtained a €2.6m non-dilutive financing from IdVector Science and Technology, a European investor specialising in long-term non-dilutive financing of technology.

Analysis

The financing takes the form of Notes, and includes a repayment based on a percentage of Crossject's turnover up to (at the latest) 2028, with a floor payment of €285k for each of the first two years. Industrial property assets guarantee the loan (in a trust granting an exclusive licence to the group) which, according to Crossject's management, is being reimbursed by a low single-digit share of the group's future revenues (declining over time). Crossject went through a due-diligence process before the financing was granted, which we obviously find positive and confirms the quality of the group's assets, processes and prospects. Altogether, Crossject assesses it needs €12m over the next 12 months, and cash-inflows (tax credits, advances, milestones, options exercised, etc.) will also include additional non-dilutive resources. Additional financing was expected. We like the idea that management is now focusing on non-dilutive tools, as was announced, both because it is in the interest of shareholders and, in this particular case, further strengthens the group's credibility in terms of the due-diligence process.

Impact

We will most likely not amend our forecasts given the fact the financing is not very big and we also do not have the full details of its conditions. From a pure valuation standpoint, the financing does not really differ from a bank loan, even if the structure is obviously very different.



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This research has been commissioned and paid for by the company and is deemed to constitute an acceptable minor non-monetary benefit as defined in MiFID II

Buy	Upside: 246%
Target Price (6 months)	€ 10.2
Share Price	€ 2.96
Market Cap. €M	54.5
Price Momentum	STRONG
Extremes 12Months	1.07 ▶ 3.18
Bloomberg	ALCJ FP Equity
Reuters	ALCJ.PA

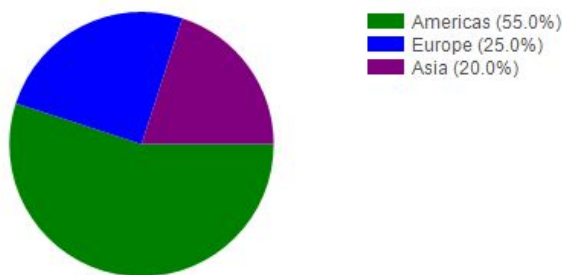

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PERF	1w	1m	3m	12m
Crossject	-6.03%	65.8%	91.0%	124%
Pharma	0.28%	4.94%	5.61%	18.8%
STOXX 600	-0.34%	3.49%	8.46%	14.2%

Last updated: 05/06/2019	12/18A	12/19E	12/20E	12/21E
Adjusted P/E (x)	-1.81	-6.16	-8.59	13.4
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-3.06	-7.44	-11.2	8.06
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

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

Sales by Geography



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
EBITDA(R) margin	%	-234	-184	-135
Depreciation	€M	-3.32	-3.32	-3.32
Underlying operating profit	€M	-11.6	-10.7	-8.73
Operating profit (EBIT)	€M	-11.6	-10.7	-8.73
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			
Adjusted attributable net profit	€M	-10.7	-7.65	-6.32
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
Free cash flow (pre div.)	€M	-11.7	-4.57	-5.41

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
Benchmark EPS	€	-0.96	-0.48	-0.34
Restated NAV per share	€			
Net dividend per share	€	0.00	0.00	0.00

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	€ 15.2	40%	■ Faes Farma
NAV/SOTP per share	€ 10.1	40%	■ Hikma Pharmaceuti...
P/E	€ 1.48	5%	■ Ipsen
EV/Ebitda	€ 0.00	5%	■ UCB
P/Book	€ 1.48	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
Ordinary shareholders' equity	€M	1.66	-0.36	-6.43
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
Net debt (cash)	€M	1.72	0.88	6.30
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
ROE (after tax)	%	-276	-1,178	186
ROCE	%	-89.4	-126	-121
Gearing (at book value)	%	-23.7		
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
Reference P/E (benchmark)	x	-1.81	-6.16	-8.59
Free cash flow yield	%	-50.0	-8.46	-10.0
P/Book	x	14.1	-152	-8.39
Dividend yield	%	0.00	0.00	0.00

EV Calculation

		12/18A	12/19E	12/20E
Market cap	€M	23.4	54.0	54.0
+ 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	25.2	55.0	60.4
EV/EBITDA(R)	x	-3.06	-7.44	-11.2
EV/Sales	x	7.16	13.7	15.1

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