



Crossject

Supergenerics / France

[You can continue to receive AlphaValue's Research under MiFID II](#) [Learn more](#)

H1 18: insignificant; some more time needed to reach the market

Earnings/sales releases - 27/09/2018

Fact

Crossject released its H1 18 results. Revenues reached €2,840k (vs €1,635k), operating result €-5,337k (vs €-4,256k), and the net result €-4,744k (vs €-3,360k). Net cash at the end of H1 18 was €796k vs €6,096k a year ago and €2,500k at the end of FY17, to which should be added €5.6m cashed in July (subsidies, tax credit and the last convertible bond issued).

Analysis

As always, the results are not very important as such since no product has reached the market yet, except for the cash-burn which has reached €5.2m (in fact €2m if the tax credit and subsidies had been cashed in before July), which seems reasonable. Altogether €5.6m was cashed in in July while the company still has to cash in some €2.5m in incentives and €1-1.5m in tax credits before 2019. On the operating front, the bad news comes from the mould of a Zeneo component which was damaged during summer. It is being fixed with the manufacturer, but is not yet up and running (still being tested). As a result, the registration filings of Crossject's NTEs will be postponed by about a year (i.e. 2020 vs 2019 for most products and 2021 vs 2020 for Methotrexate). Also, a potential competitor of Zeneo Midazolam (Seizalam – Epipen – of Meridian Medical Technologies which could/should get exclusivity for this indication) has been granted approval in the US (orphan status for epilepsy), which should have an impact on the current negotiations concerning this NTE in this region. Of course, the market reaction is likely to be a bit tough since this is not the first time the group has had to announce delays in its plans, while upfront fees on Midazolam could come later. As a result, the “qualitative” pieces of news surrounding the release of H1 18 results (rather than numbers as such) are rather disappointing since they clearly mean additional delays, more time for competition to step in (as is the case for Midazolam at least in one indication) and increases the perceived risk of the whole investment case.

Impact

We will adjust our numbers on the back of the release, which will mainly be impacted by the delay (1 year) in the registration process.



Fabrice FARIGOULE
pharma@alphavalue.eu
 +33 (0) 1 70 61 10 50
cs.alphavalue.com

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: 531%
Target Price (6 months)	€ 17.7
Share Price	€ 2.81
Market Cap. €M	26.1
Price Momentum	NEGATIVE
Extremes 12Months	2.79 ▶ 5.15
Bloomberg	ALCJ FP Equity
Reuters	ALCJ.PA

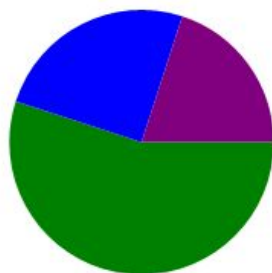

[Download Full Analysis](#)
[Company Page](#)


PERF	1w	1m	3m	12m
Crossject	-6.49%	-14.8%	-18.3%	-40.2%
Pharma	1.61%	-1.53%	6.57%	2.12%
STOXX 600	1.33%	-0.14%	2.06%	0.26%

Last updated: 05/09/2018	12/16A	12/17A	12/18E	12/19E
Adjusted P/E (x)	-7.64	-5.45	-3.00	-3.55
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-9.19	-6.78	-2.06	-3.21
Adjusted EPS (€)	-0.98	-0.97	-0.94	-0.79
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	2.00	0.01
EBIT margin (%)	0.00	0.00	0.00	0.00
Attributable net profit (€M)	-6.66	-7.61	-8.36	-7.29
ROE (after tax) (%)	-88.4	-123	-179	2,849
Gearing (%)	-62.3	-42.6	-89.8	

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

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	2.00	0.01
Change in sales	%	190	-51.7	-99.5
Change in staff costs	%	33.0	23.7	11.3
EBITDA	€M	-6.35	-10.8	-9.23
EBITDA(R) margin	%	-153	-541	ns
Depreciation	€M	-2.28	-1.35	-1.35
Underlying operating profit	€M	-8.62	-12.2	-10.6
Operating profit (EBIT)	€M	-8.62	-12.2	-10.6
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	4.12	3.59
Equity associates	€M			
Minority interests	€M			
Adjusted attributable net profit	€M	-7.61	-8.36	-7.29
NOPAT	€M	-6.03	-8.52	-7.41

Cashflow Statement

		12/17A	12/18E	12/19E
EBITDA	€M	-6.35	-10.8	-9.23
Change in WCR	€M	0.94	0.53	0.19
Actual div. received from equity holdi...	€M	0.00	0.00	0.00
Paid taxes	€M	0.00	4.12	3.59
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	-6.18	-5.45
Capital expenditure	€M	-4.25	-1.05	-1.60
Total investment flows	€M	-4.25	-1.05	-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	0.17	-3.60
Free cash flow (pre div.)	€M	-9.49	-7.53	-7.35

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	-0.94	-0.79
Restated NAV per share	€			
Net dividend per share	€	0.00	0.00	0.00

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	€ 24.9	40%	■ Faes Farma
NAV/SOTP per share	€ 19.0	40%	● Hikma Pharmaceuti...
P/E	€ 1.41	5%	■ Ipsen
EV/Ebitda	€ 0.00	5%	● Stada Arzneimittel
P/Book	€ 1.41	5%	■ UCB
Dividend Yield	€ 0.00	5%	
TARGET PRICE	€ 17.7	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	3.72	3.38
Tangible fixed assets	€M	6.52	6.56	7.15
Financial fixed assets	€M	0.10	0.10	0.10
WCR	€M	-3.11	-3.64	-3.83
Other assets	€M	2.33	2.57	2.81
Total assets (net of short term liab.)	€M	9.94	9.35	9.66
Ordinary shareholders' equity	€M	6.09	3.27	-3.78
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	-3.37	3.98
Total liab. and shareholders' equity	€M	9.94	9.35	9.66

Capital Employed

		12/17A	12/18E	12/19E
Capital employed after depreciation	€M	7.57	6.74	6.80

Profits & Risks Ratios

		12/17A	12/18E	12/19E
ROE (after tax)	%	-123	-179	2,849
ROCE	%	-79.8	-126	-109
Gearing (at book value)	%	-42.6	-89.8	
Adj. Net debt/EBITDA(R)	x	0.39	0.31	-0.43
Interest cover (x)	x	53.9	-40.6	-35.3

Valuation Ratios

		12/17A	12/18E	12/19E
Reference P/E (benchmark)	x	-5.45	-3.00	-3.55
Free cash flow yield	%	-20.9	-29.4	-28.8
P/Book	x	7.47	7.82	-6.76
Dividend yield	%	0.00	0.00	0.00

EV Calculation

		12/17A	12/18E	12/19E
Market cap	€M	45.5	25.6	25.6
+ 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	-3.37	3.98
+ 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	22.3	29.6
EV/EBITDA(R)	x	-6.78	-2.06	-3.21
EV/Sales	x	10.4	11.1	ns

Analyst : Fabrice Farigoule, Changes to Forecasts : 05/09/2018.