



# Crossject

Supergenerics / France

## H1 23: no surprises before the release of the detailed accounts in October

Significant news - 28/09/2023

The company released preliminary H1 23 results, in line with our expectations.

Financing is secured for FY22 at least, with no dilutive instruments in sight.

Crossject will release more detailed numbers for H1 23 before the end of October.

### Fact

Crossject released H1 23 results. Revenues reached €7,926k vs €3,374k, operating result €-6,535k vs €-6,959k, and net result €-4,462k vs €-5,874k. Gross cash at the end of H1 23 amounted to €5.4m vs €5.7m a year ago and €8m at the end of FY23.

### Analysis

As we regularly write, the numbers are of little relevance at this stage since the story of Crossject is based on the future launch of Zeneo. That said, we see as good news that the operating result is about the same as year. In short, the revenues are covering rising costs "as much" as last year, despite a strong increase in depreciation (+2.3m).

The cash burn looks reasonably contained even if net debt is not released at this stage (it includes a €1.2m tax receivable due to a delay in VAT reimbursement as well as an increase in inventories), so not bad news on that front (at least before we have more details) and the liquidity is preserved. Note the group has cashed in €8m from the €14m non-dilutive financing (bank debt). Note also that the group will publish a full set of accounts before the end of October, on which we will comment of course, and that will give even better visibility on Crossject's financing going forward.

The successful audits in Europe and the US are also supporting the case. The former confirms that the group is getting nearer a clearance from US health authorities concerning the deal with BARDA (Biomedical Advanced Research and Development Authority). H1 23 revenues include US\$3.2m as part of this cooperation (note the contract could be worth US\$155m in revenues in total for the French group). Also, see our Latest dated 20 June 2022 concerning the cooperation with BARDA.

More recently (July), we remind that the company announced the signing of an Australia & New Zealand commercial agreement for ZENEO® Midazolam (treatment of epileptic crisis) with AFT Pharmaceuticals, to cover this region of the world (i.e. a total population of around 30m). AFT is a listed New Zealand Pharma with sales of about NZ\$130m (c. €65m), addressing Australasia. AFT's product portfolio comprises both proprietary and in-licensed products (skin care, supplements, allergy).



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

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

<b>Buy</b>	<b>Upside: 205%</b>
Target Price (6 months)	€ 11.6
Share Price	€ 3.80
Market Cap. €M	139
Price Momentum	<b>STRONG</b>
Extremes 12Months	2.64 ▶ 4.95
Sustainability score	4.1 /10
Credit Risk	DDD ↗
Bloomberg	ALCJ FP Equity
Reuters	ALCJ.PA

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PERF	1w	1m	3m	12m
Crossject	-1.04%	-7.32%	-1.04%	34.1%
Pharma	-1.78%	-0.24%	5.04%	19.6%
STOXX 600	-2.98%	-1.87%	-1.32%	15.1%

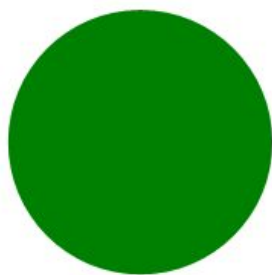
Last updated: 25/07/2023	12/22A	12/23E	12/24E	12/25E
Adjusted P/E (x)	-8.01	-16.6	7.63	3.63
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-16.5	-27.2	5.12	2.85
Adjusted EPS (€)	-0.36	-0.23	0.50	1.05
Growth in EPS (%)	n/a	n/a	n/a	111
Dividend (€)	0.00	0.00	0.00	0.00
Sales (€M)	9.72	14.0	59.0	92.9
EBIT margin (%)	0.00	0.00	78.0	100
Attributable net profit (€M)	-11.2	-8.47	18.4	38.8
ROE (after tax) (%)	798	550	410	112
Gearing (%)	418		173	79.2

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

## ■ Impact

All in all, this set of results looks ok, even if we lack the details on the accounts at this stage (to be released before the end of October; only a short simplified P&L has been made public so far). We will of course revert to these numbers for H1 23 once the full set of results is released, again before the end of October. Expect no change to our numbers at this stage.

## Sales by Geography



Europe (100.0%)

## Consolidated P&L Accounts

		12/22A	12/23E	12/24E
Sales	€M	9.72	14.0	59.0
Change in sales	%	43.5	44.2	321
Change in staff costs	%	16.7	0.00	14.3
EBITDA	€M	-6.93	-5.59	34.5
<b>EBITDA(R) margin</b>	%	<b>-71.3</b>	<b>-39.9</b>	<b>58.5</b>
Depreciation	€M	-6.36	-6.36	-6.36
Underlying operating profit	€M	-13.3	-11.9	28.2
<b>Operating profit (EBIT)</b>	<b>€M</b>	<b>-13.3</b>	<b>-11.9</b>	<b>28.2</b>
Net financial expense	€M	0.11	-0.70	-0.70
of which related to pensions	€M		0.00	0.00
Exceptional items & other	€M	-0.20	0.00	0.00
Corporate tax	€M	2.22	4.17	-9.07
Equity associates	€M			
Minority interests	€M			
<b>Adjusted attributable net profit</b>	<b>€M</b>	<b>-11.2</b>	<b>-8.47</b>	<b>18.4</b>
NOPAT	€M	-9.97	-8.96	21.1

## Cashflow Statement

EBITDA	€M	-6.93	-5.59	34.5
Change in WCR	€M	-2.80	1.11	-46.0
Actual div. received from equity holdi...	€M	0.00	0.00	0.00
Paid taxes	€M	2.22	4.17	-9.07
Exceptional items	€M	0.00	0.00	0.00
Other operating cash flows	€M	2.00	0.00	0.00
Total operating cash flows	€M	-5.50	-0.31	-20.6
Capital expenditure	€M	-6.78	-2.27	-5.38
Total investment flows	€M	-6.78	-2.27	-5.38
Net interest expense	€M	0.11	-0.70	-0.70
Dividends (parent company)	€M			
Dividends to minorities interests	€M	0.00	0.00	0.00
New shareholders' equity	€M	4.09	0.00	0.00
Total financial flows	€M	11.2	-3.34	51.1
Change in cash position	€M	-1.08	-5.92	25.2
<b>Free cash flow (pre div.)</b>	<b>€M</b>	<b>-12.2</b>	<b>-3.27</b>	<b>-26.6</b>

## Per Share Data

No. of shares net of treas. stock (year...	Mio	36.4	36.4	36.4
Number of diluted shares (average)	Mio	31.2	37.0	37.0
<b>Benchmark EPS</b>	<b>€</b>	<b>-0.36</b>	<b>-0.23</b>	<b>0.50</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	€ 14.6	40%	● UCB
NAV/SOTP per share	€ 12.5	40%	● Coloplast
P/E	€ 6.41	5%	● Faes Farma
EV/Ebitda	€ 7.04	5%	● bioMerieux
P/Book	€ 1.90	5%	● Hikma Pharmaceuti...
Dividend Yield	€ 0.00	5%	● Ipsen
TARGET PRICE	€ 11.6	100%	● Carl Zeiss Meditec
			● Sartorius

### NAV/SOTP Calculation

## Balance Sheet

		12/22A	12/23E	12/24E
Goodwill	€M	0.00	0.00	0.00
Total intangible	€M	10.7	10.1	9.42
Tangible fixed assets	€M	7.67	5.17	5.78
Financial fixed assets	€M	0.00	0.00	0.00
WCR	€M	1.08	-0.02	46.0
Other assets	€M	1.48	1.22	0.96
Total assets (net of short term liab.)	€M	22.3	17.1	62.8
<b>Ordinary shareholders' equity</b>	<b>€M</b>	<b>2.69</b>	<b>-5.77</b>	<b>14.8</b>
Quasi Equity & Preferred	€M			
Minority interests	€M			
Provisions for pensions	€M		0.00	0.00
Other provisions for risks and liabilities	€M	1.42	1.42	
Total provisions for risks and liabilities	€M	1.42	1.42	0.00
Tax liabilities	€M	0.00	0.00	0.00
Other liabilities	€M	9.30	9.30	9.30
<b>Net debt (cash)</b>	<b>€M</b>	<b>8.86</b>	<b>12.1</b>	<b>38.8</b>
Total liab. and shareholders' equity	€M	22.3	17.1	62.8

## Capital Employed

Capital employed after depreciation	€M	19.4	15.2	61.2
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## Profits & Risks Ratios

<b>ROE (after tax)</b>	%	<b>798</b>	<b>550</b>	<b>410</b>
ROCE	%	-51.3	-58.9	34.5
<b>Gearing (at book value)</b>	%	<b>418</b>		<b>173</b>
Adj. Net debt/EBITDA(R)	x	-1.28	-2.17	1.12
Interest cover (x)	x	121	-17.1	40.3

## Valuation Ratios

<b>Reference P/E (benchmark)</b>	<b>x</b>	<b>-8.01</b>	<b>-16.6</b>	<b>7.63</b>
Free cash flow yield	%	-11.7	-2.37	-19.3
P/Book	x	38.8	-24.0	9.36
<b>Dividend yield</b>	%	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

## EV Calculation

Market cap	€M	104	138	138
+ Provisions	€M	1.42	1.42	0.00
+ Unrecognised actuarial losses/(gains)	€M	0.00	0.00	0.00
+ Net debt at year end	€M	8.86	12.1	38.8
+ Leases debt equivalent	€M	0.00	0.00	0.00
- Financial fixed assets (fair value)	€M			
+ Minority interests (fair value)	€M			
= EV	€M	114	152	177
<b>EV/EBITDA(R)</b>	<b>x</b>	<b>-16.5</b>	<b>-27.2</b>	<b>5.12</b>
EV/Sales	x	11.8	10.8	3.00

Analyst : Fabrice Farigoule, Changes to Forecasts : 25/07/2023.