



# Crossject

Supergenerics / France

## Update on the group's business

Earnings/sales releases - 21/09/2020

### Fact

Crossject released H1 20 results. Revenues reached €2,086k (vs €1,844k), operating result €-5,632k (vs €-5,873k), and net result €-5,258k (vs €-4,953k). Net cash at the end of H1 20 was €-1.3m (vs €1.5m) and €1.8m at the end of FY19.

### Analysis

As always, the results as such are surprise-free and not very important since no product has reached the market yet, except for the cash-burn (ex new financing) which was limited to €4.6m, a "decent" number.

Compared to H1 19, no turnover was achieved (keeping in mind that last year saw turnover reaching €0.5m, after the agreement with German Desitin on the licensing, distribution and promotion, until 10 years after commercial launch, of Zeneo Midazolam in Germany). The company also indicated that the calendar for the product filings is unclear, given the uncertainties having emerged due to the pandemic (with Midazolam and Adrenaline still as the first candidates in our understanding). However, the production of batches has resumed in May, which is good news for the group. On the P&L front, it is worth mentioning that external charges were well under control (-16% to €2.6m) due to the decrease in external staffing and a tight control of inventories. As a result, and despite the increase in in-house staff (+16 to 88, mainly in production and technical development), the operating result was almost flat year-on-year, "only" down from €-5.3m to €-5.9m. In terms of financing, the group asserts it is expecting the signature of licences with upfront fees as well as further undetailed incentives, also reminding that the company is still working on long-term options, with a priority put on non-dilutive ones. The group also indicates that its US subsidiary is now actively promoting partnerships and increasing the group's presence with health institutions.

### Impact

No big change to our numbers or valuation to be expected after this release. Our valuation is, of course, based on the various product launches to take place in the years to come and not on current numbers. Any change can therefore only stem from news/facts on that front. Although the exact timing of filings (and subsequent launches) is unknown, we remain confident and acknowledge the progress the company is making to reach its goals.



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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

<b>Buy</b>	<b>Upside: 280%</b>
Target Price (6 months)	€ 10.2
Share Price	€ 2.68
Market Cap. €M	60.0
Price Momentum	<b>GOOD</b>
Extremes 12Months	1.16 ▶ 4.26
Bloomberg	ALCJ FP Equity
Reuters	ALCJ.PA

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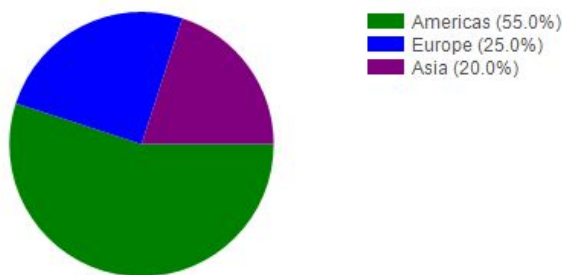


PERF	1w	1m	3m	12m
Crossject	-13.5%	-30.9%	23.5%	93.5%
Pharma	1.05%	2.97%	-3.04%	12.2%
STOXX 600	-3.17%	-2.27%	-2.36%	-9.19%

Last updated: 22/05/2020	12/18A	12/19E	12/20E	12/21E
Adjusted P/E (x)	-1.81	-3.59	-8.43	14.8
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-3.06	-7.60	-13.6	8.42
Adjusted EPS (€)	-0.96	-0.49	-0.32	0.18
Growth in EPS (%)	n/a	n/a	n/a	n/a
Dividend (€)	0.00	0.00	0.00	0.00
Sales (€M)	3.52	6.00	4.01	27.3
EBIT margin (%)	0.00	0.00	0.00	100.0
Attributable net profit (€M)	-10.7	-7.78	-6.49	4.06
ROE (after tax) (%)	-276	-393	-320	104
Gearing (%)	-23.7	164	285	244

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

## Sales by Geography



## Consolidated P&L Accounts

		12/18A	12/19E	12/20E
Sales	€M	3.52	6.00	4.01
Change in sales	%	-14.9	70.4	-33.2
Change in staff costs	%	40.8	26.2	11.3
EBITDA	€M	-8.23	-5.00	-4.69
<b>EBITDA(R) margin</b>	%	<b>-234</b>	<b>-83.2</b>	<b>-117</b>
Depreciation	€M	-3.32	-3.65	-3.32
Underlying operating profit	€M	-11.6	-8.64	-8.01
<b>Operating profit (EBIT)</b>	<b>€M</b>	<b>-11.6</b>	<b>-8.64</b>	<b>-8.01</b>
Net financial expense	€M	-0.70	-0.49	-0.70
of which related to pensions	€M		0.00	0.00
Exceptional items & other	€M	-0.01	0.02	0.00
Corporate tax	€M	1.59	1.34	2.22
Equity associates	€M			
Minority interests	€M			
<b>Adjusted attributable net profit</b>	<b>€M</b>	<b>-10.7</b>	<b>-7.78</b>	<b>-6.49</b>
NOPAT	€M	-8.09	-6.05	-5.61

## Cashflow Statement

		12/18A	12/19E	12/20E
EBITDA	€M	-8.23	-5.00	-4.69
Change in WCR	€M	-1.06	-0.96	0.75
Actual div. received from equity holdi...	€M	0.00	0.00	0.00
Paid taxes	€M	1.59	1.34	2.22
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	-4.62	-1.71
Capital expenditure	€M	-3.27	-4.40	-1.66
Total investment flows	€M	-3.27	-4.40	-1.66
Net interest expense	€M	-0.70	-0.49	-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	5.70
Total financial flows	€M	12.5	10.6	9.16
Change in cash position	€M	1.53	1.55	5.79
<b>Free cash flow (pre div.)</b>	<b>€M</b>	<b>-11.7</b>	<b>-9.51</b>	<b>-4.07</b>

## Per Share Data

		12/18A	12/19E	12/20E
No. of shares net of treas. stock (year...)	Mio	13.4	18.3	22.3
Number of diluted shares (average)	Mio	11.1	16.0	20.4
<b>Benchmark EPS</b>	<b>€</b>	<b>-0.96</b>	<b>-0.49</b>	<b>-0.32</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	€ 15.0	40%	■ Faes Farma
NAV/SOTP per share	€ 9.91	40%	■ Hikma Pharmaceuti...
P/E	€ 1.34	5%	■ Ipsen
EV/Ebitda	€ 1.77	5%	■ UCB
P/Book	€ 1.34	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	6.25	5.42
Tangible fixed assets	€M	6.34	5.78	4.94
Financial fixed assets	€M	0.10	0.10	0.10
WCR	€M	-2.05	-1.09	-1.84
Other assets	€M	2.02	2.61	2.85
Total assets (net of short term liab.)	€M	11.3	14.0	11.9
<b>Ordinary shareholders' equity</b>	<b>€M</b>	<b>1.66</b>	<b>2.30</b>	<b>1.75</b>
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	5.80	5.80
<b>Net debt (cash)</b>	<b>€M</b>	<b>1.72</b>	<b>5.82</b>	<b>4.19</b>
Total liab. and shareholders' equity	€M	11.3	14.0	11.9

## Capital Employed

		12/18A	12/19E	12/20E
Capital employed after depreciation	€M	9.05	11.0	8.62

## Profits & Risks Ratios

		12/18A	12/19E	12/20E
<b>ROE (after tax)</b>	%	<b>-276</b>	<b>-393</b>	<b>-320</b>
ROCE	%	-89.4	-54.8	-65.0
<b>Gearing (at book value)</b>	%	<b>-23.7</b>	<b>164</b>	<b>285</b>
Adj. Net debt/EBITDA(R)	x	-0.21	-1.17	-0.89
Interest cover (x)	x	-16.5	-17.6	-11.4

## Valuation Ratios

		12/18A	12/19E	12/20E
<b>Reference P/E (benchmark)</b>	<b>x</b>	<b>-1.81</b>	<b>-3.59</b>	<b>-8.43</b>
Free cash flow yield	%	-50.0	-29.7	-6.82
P/Book	x	14.1	13.9	34.0
<b>Dividend yield</b>	%	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

## EV Calculation

		12/18A	12/19E	12/20E
Market cap	€M	23.4	32.0	59.7
+ 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	5.82	4.19
+ 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	37.9	64.0
<b>EV/EBITDA(R)</b>	<b>x</b>	<b>-3.06</b>	<b>-7.60</b>	<b>-13.6</b>
EV/Sales	x	7.16	6.32	16.0

Analyst : Fabrice Farigoule, Changes to Forecasts : 22/05/2020.