



# Crossject

Supergenerics / France

## A €3.9m capital increase

Financing issue - 28/11/2018

### Fact

Crossject announced it would issue new shares, a maximum of 3.4m with subscription rights, to be listed before year-end (28 December), with total potential proceeds of c.€3.9m.

### Analysis

In short, the subscription period will be 3-14 December. Three subscription rights will give the right to subscribe to one new share at €1.16, thus a theoretical price for subscription rights of €0.14 based on yesterday's closing price. Gemmes Venture, the historic and main shareholder of Crossject, has committed itself to subscribing a number of shares of at least 24% (its stake in Crossject) and enough shares to ensure that 75% of the issue is subscribed in any case, with the possibility to subscribe up to 100% of the issue or enough shares to ensure that 100% of the issue is subscribed. The group also indicates that its financing needs post this capital increase are €11m over the next twelve months, to be covered by incentives, tax credits and the commercial agreements currently being negotiated (upfront fees). If these financings are not enough, it is also considering and negotiating non-dilutive financings. Altogether, the announcement implies that the total number of shares will rise from c.9.3m to c.12.7m, while the net debt will decrease by c.€4m, if the issue is 100% subscribed.

### Impact

We will integrate the issue in our model, with a target price that will go down since the impact of the dilution is undoubtedly greater than the positive one on the group's net debt level. That said, the short-term visibility will increase and management can focus on the ongoing commercial agreements, which we see as positive news.



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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.

<b>Buy</b>	<b>Upside: 761%</b>
Target Price (6 months)	€ 14.9
Share Price	€ 1.73
Market Cap. €M	16.0
Price Momentum	<b>UNFAVORABLE</b>
Extremes 12Months	1.22 ▶ 4.80
Bloomberg	ALCJ FP Equity
Reuters	ALCJ.PA

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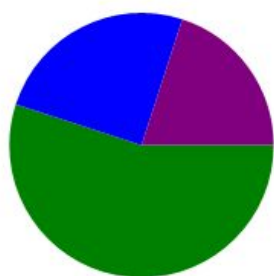


PERF	1w	1m	3m	12m
Crossject	32.9%	31.9%	-47.6%	-60.8%
Pharma	0.32%	4.68%	-0.72%	5.28%
STOXX 600	1.81%	1.44%	-7.31%	-7.14%

Last updated: 03/10/2018	12/16A	12/17A	12/18E	12/19E
Adjusted P/E (x)	-7.64	-5.45	-1.90	-2.37
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-9.19	-6.78	-1.54	-2.70
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
<b>EBITDA(R) margin</b>	%	<b>-153</b>	<b>-221</b>	<b>-168</b>
Depreciation	€M	-2.28	-3.00	-3.00
Underlying operating profit	€M	-8.62	-11.8	-9.73
<b>Operating profit (EBIT)</b>	<b>€M</b>	<b>-8.62</b>	<b>-11.8</b>	<b>-9.73</b>
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			
<b>Adjusted attributable net profit</b>	<b>€M</b>	<b>-7.61</b>	<b>-8.12</b>	<b>-6.72</b>
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
<b>Free cash flow (pre div.)</b>	<b>€M</b>	<b>-9.49</b>	<b>-8.64</b>	<b>-4.60</b>

## 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
<b>Benchmark EPS</b>	<b>€</b>	<b>-0.97</b>	<b>-0.91</b>	<b>-0.73</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	€ 19.8	40%	■ Faes Farma
NAV/SOTP per share	€ 17.2	40%	■ Hikma Pharmaceuti...
P/E	€ 0.86	5%	■ Ipsen
EV/Ebitda	€ 0.00	5%	■ Stada Arzneimittel
P/Book	€ 0.86	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
<b>Ordinary shareholders' equity</b>	<b>€M</b>	<b>6.09</b>	<b>3.50</b>	<b>-2.98</b>
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
<b>Net debt (cash)</b>	<b>€M</b>	<b>-2.50</b>	<b>-2.26</b>	<b>2.34</b>
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
<b>ROE (after tax)</b>	%	<b>-123</b>	<b>-169</b>	<b>-2,551</b>
ROCE	%	-79.8	-102	-114
<b>Gearing (at book value)</b>	%	<b>-42.6</b>	<b>-67.9</b>	
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
<b>Reference P/E (benchmark)</b>	<b>x</b>	<b>-5.45</b>	<b>-1.90</b>	<b>-2.37</b>
Free cash flow yield	%	-20.9	-55.0	-29.3
P/Book	x	7.47	4.49	-5.28
<b>Dividend yield</b>	%	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

## EV Calculation

		12/17A	12/18E	12/19E
Market cap	€M	45.5	15.7	15.7
+ 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	13.6	18.2
<b>EV/EBITDA(R)</b>	<b>x</b>	<b>-6.78</b>	<b>-1.54</b>	<b>-2.70</b>
EV/Sales	x	10.4	3.39	4.53

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