



# Crossject

Supergenerics / France

## Crossject has announced it has raised €14m in debt to finance its expansion.

Financing issue - 12/01/2023

The group has raised €14m in new debt, securing the group's financing ahead of product launches.

We appreciate that it did not have to resort to dilutive instruments.

Since this had been our assumption, no change to our numbers or valuation.

The upside potential remains very significant.

### Fact

Crossject has announced it has raised €14m in debt to finance its expansion.

### Analysis

The group has announced it has reached an agreement with its historical banks (Caisse d'Epargne and BNP) as well as Société Générale and BPI to raise €14m in debt at maturities ranging from 5 to 10 years. This news comes as a relief, since this means that the group has the firepower to finance its expansion for FY2023, with the first product launches expected this year (Emergency Use Utilization) and the likely market approval of Midazolam in the US (FY23 or FY24).

This also confirms the confidence of the banks in the group's future and will prevent potential further dilution. Lastly, this is in line with the previous statement from the management according to which they will, as far as possible, avoid resorting to dilutive instruments to fuel growth. Note that, to finance the group's development, the number of outstanding shares has actually steadily risen in the past few years, from 8.8m in FY17 to 36.35m currently. This is thus good news in that there is no risk of shareholders being further diluted.

### Impact

No changes to our numbers following this news since they had already factored in bank financing as opposed to the issuance of new dilutive instruments.



**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: 136%</b> |
| Target Price (6 months) | € 9.78              |
| Share Price             | € 4.15              |
| Market Cap. €M          | 151                 |
| Price Momentum          | <b>STRONG</b>       |
| Extremes 12Months       | 1.69 ▶ 4.67         |
| Sustainability score    | 3.8 /10             |
| Credit Risk             | DDD ↗               |
| Bloomberg               | ALCJ FP Equity      |
| Reuters                 | ALCJ.PA             |

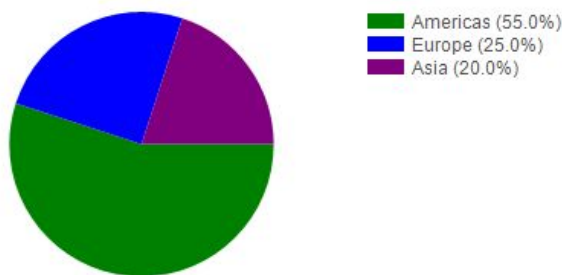
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| PERF      | 1w     | 1m    | 3m    | 12m    |
|-----------|--------|-------|-------|--------|
| Crossject | 14.0%  | 19.4% | 42.4% | 56.3%  |
| Pharma    | -1.37% | 0.17% | 7.71% | 4.26%  |
| STOXX 600 | 1.64%  | 2.39% | 15.3% | -7.38% |

| Last updated:                | 12/12/2022 | 12/21A | 12/22E | 12/23E | 12/24E |
|------------------------------|------------|--------|--------|--------|--------|
| Adjusted P/E (x)             |            | -6.81  | -9.23  | -12.5  | 10.2   |
| Dividend yield (%)           |            | 0.00   | 0.00   | 0.00   | 0.00   |
| EV/EBITDA(R) (x)             |            | -12.8  | -12.2  | -12.7  | 8.22   |
| Adjusted EPS (€)             |            | -0.45  | -0.31  | -0.33  | 0.41   |
| Growth in EPS (%)            |            | n/a    | n/a    | n/a    | n/a    |
| Dividend (€)                 |            | 0.00   | 0.00   | 0.00   | 0.00   |
| Sales (€M)                   |            | 6.77   | 3.01   | 3.01   | 49.0   |
| EBIT margin (%)              |            | 0.00   | 0.00   | 0.00   | 93.9   |
| Attributable net profit (€M) |            | -10.7  | -9.76  | -12.4  | 15.2   |
| ROE (after tax) (%)          |            | 325    | 95.3   | 58.8   | -78.4  |
| Gearing (%)                  |            |        |        |        |        |

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## Sales by Geography



## Consolidated P&L Accounts

|   |           | 12/21A       | 12/22E       | 12/23E       |
|---|-----------|--------------|--------------|--------------|
| Sales                                   | €M        | 6.77         | 3.01         | 3.01         |
| Change in sales                         | %         | 18.2         | -55.6        | 0.00         |
| Change in staff costs                   | %         | 0.00         | 16.7         | 0.00         |
| EBITDA                                  | €M        | -7.33        | -10.5        | -14.4        |
| <b>EBITDA(R) margin</b>                 | %         | <b>-108</b>  | <b>-349</b>  | <b>-480</b>  |
| Depreciation                            | €M        | -4.49        | -3.35        | -3.35        |
| Underlying operating profit             | €M        | -11.8        | -13.9        | -17.8        |
| <b>Operating profit (EBIT)</b>          | <b>€M</b> | <b>-11.8</b> | <b>-13.9</b> | <b>-17.8</b> |
| Net financial expense                   | €M        | -0.82        | -0.70        | -0.70        |
| of which related to pensions            | €M        |              | 0.00         | 0.00         |
| Exceptional items & other               | €M        | 0.08         | 0.00         | 0.00         |
| Corporate tax                           | €M        | 1.82         | 4.81         | 6.10         |
| Equity associates                       | €M        |              |              |              |
| Minority interests                      | €M        |              |              |              |
| <b>Adjusted attributable net profit</b> | <b>€M</b> | <b>-10.7</b> | <b>-9.76</b> | <b>-12.4</b> |
| NOPAT                                   | €M        | -8.87        | -10.4        | -13.3        |

## Cashflow Statement

|   |           | 12/21A       | 12/22E       | 12/23E       |
|---|-----------|--------------|--------------|--------------|
| EBITDA                                    | €M        | -7.33        | -10.5        | -14.4        |
| Change in WCR                             | €M        | -0.34        | 1.83         | 1.12         |
| Actual div. received from equity holdi... | €M        | 0.00         | 0.00         | 0.00         |
| Paid taxes                                | €M        |              | 4.81         | 6.10         |
| 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        | -7.67        | -3.88        | -7.22        |
| Capital expenditure                       | €M        | -6.73        | -2.66        | -2.27        |
| Total investment flows                    | €M        | -6.73        | -2.66        | -2.27        |
| Net interest expense                      | €M        | -0.82        | -0.70        | -0.70        |
| Dividends (parent company)                | €M        |              |              |              |
| Dividends to minorities interests         | €M        | 0.00         | 0.00         | 0.00         |
| New shareholders' equity                  | €M        | 0.00         | 0.00         | 0.00         |
| Total financial flows                     | €M        | 12.1         | 24.1         | 9.30         |
| Change in cash position                   | €M        | -2.34        | 17.5         | -0.19        |
| <b>Free cash flow (pre div.)</b>          | <b>€M</b> | <b>-15.2</b> | <b>-7.24</b> | <b>-10.2</b> |

## Per Share Data

|  |          | 12/21A       | 12/22E       | 12/23E       |
|--|----------|--------------|--------------|--------------|
| No. of shares net of treas. stock (year... | Mio      | 25.3         | 36.3         | 36.1         |
| Number of diluted shares (average)         | Mio      | 24.0         | 31.4         | 37.3         |
| <b>Benchmark EPS</b>                       | <b>€</b> | <b>-0.45</b> | <b>-0.31</b> | <b>-0.33</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                | € 11.6 | 40%    | ● UCB                  |
| NAV/SOTP per share | € 12.3 | 40%    | ● Coloplast            |
| P/E                | € 2.08 | 5%     | ● Faes Farma           |
| EV/Ebitda          | € 0.00 | 5%     | ● bioMerieux           |
| P/Book             | € 2.08 | 5%     | ● Hikma Pharmaceuti... |
| Dividend Yield     | € 0.00 | 5%     | ● Ipsen                |
| TARGET PRICE       | € 9.78 | 100%   | ● Carl Zeiss Meditec   |
|                    |        |        | ● Sartorius            |

### NAV/SOTP Calculation

## Balance Sheet

|  |           | 12/21A       | 12/22E       | 12/23E       |
|--|-----------|--------------|--------------|--------------|
| Goodwill                                   | €M        | 0.00         | 0.00         | 0.00         |
| Total intangible                           | €M        | 9.14         | 8.81         | 8.47         |
| Tangible fixed assets                      | €M        | 7.15         | 7.29         | 7.04         |
| Financial fixed assets                     | €M        | 0.08         | 0.08         | 0.08         |
| WCR  | €M        | -1.71        | -3.54        | -4.66        |
| Other assets                               | €M        | 3.02         | 2.75         | 2.49         |
| Total assets (net of short term liab.)     | €M        | 18.4         | 16.1         | 14.2         |
| <b>Ordinary shareholders' equity</b>       | <b>€M</b> | <b>-5.48</b> | <b>-15.0</b> | <b>-27.2</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        | 7.25         | 7.25         | 7.25         |
| <b>Net debt (cash)</b>                     | <b>€M</b> | <b>16.5</b>  | <b>23.8</b>  | <b>34.0</b>  |
| Total liab. and shareholders' equity       | €M        | 18.4         | 16.1         | 14.2         |

## Capital Employed

|                                     |    | 12/21A | 12/22E | 12/23E |
|-------------------------------------|----|--------|--------|--------|
| Capital employed after depreciation | €M | 14.7   | 12.6   | 10.9   |

## Profits & Risks Ratios

|                                |   | 12/21A     | 12/22E      | 12/23E      |
|--------------------------------|---|------------|-------------|-------------|
| <b>ROE (after tax)</b>         | % | <b>325</b> | <b>95.3</b> | <b>58.8</b> |
| ROCE                           | % | -60.5      | -82.3       | -122        |
| <b>Gearing (at book value)</b> | % |            |             |             |
| Adj. Net debt/EBITDA(R)        | x | -2.25      | -2.26       | -2.35       |
| Interest cover (x)             | x | -14.5      | -19.8       | -25.4       |

## Valuation Ratios

|                                  |          | 12/21A       | 12/22E       | 12/23E       |
|----------------------------------|----------|--------------|--------------|--------------|
| <b>Reference P/E (benchmark)</b> | <b>x</b> | <b>-6.81</b> | <b>-9.23</b> | <b>-12.5</b> |
| Free cash flow yield             | %        | -19.7        | -6.96        | -6.80        |
| P/Book                           | x        | -14.1        | -6.94        | -5.52        |
| <b>Dividend yield</b>            | %        | <b>0.00</b>  | <b>0.00</b>  | <b>0.00</b>  |

## EV Calculation

|   |          | 12/21A       | 12/22E       | 12/23E       |
|---|----------|--------------|--------------|--------------|
| Market cap                              | €M       | 77.3         | 104          | 150          |
| + 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       | 16.5         | 23.8         | 34.0         |
| + Leases debt equivalent                | €M       | 0.00         | 0.00         | 0.00         |
| - Financial fixed assets (fair value)   | €M       |              |              |              |
| + Minority interests (fair value)       | €M       |              |              |              |
| = EV                                    | €M       | 94.0         | 128          | 184          |
| <b>EV/EBITDA(R)</b>                     | <b>x</b> | <b>-12.8</b> | <b>-12.2</b> | <b>-12.7</b> |
| EV/Sales                                | x        | 13.9         | 42.5         | 61.1         |

Analyst : Fabrice Farigoule, Changes to Forecasts : 12/12/2022.