



# Crossject

Supergenerics / France

## FY20 unsurprising; waiting for more

Earnings/sales releases - 31/03/2021

**Crossject released an expected set of FY20 results**

**The industrialisation process of Zeneo is on track**

**The group's financing for FY21 is secured**

**We will fine-tune our model to account for the latest developments**

### Fact

Crossject released FY20 results. Revenues reached €5,994k vs €5.73m, operating result €-10,672k vs €-8,643k, and the net result €-9,844k vs €-7,174k. Cash at the end of FY20 amounted to €8.2m vs €7.9m a year before.

### Analysis

As usual, we remind that numbers are of little relevance since the story of Crossject is based on the future launch of Zeneo combined with the NTEs the group is targeting. In particular, the group's top line has so far little meaning, as well as the losses posted by the company. However, we note that the group's expenses remain under control taking into account that Crossject is still in the development phase, and this is despite the investment (in human resources in particular, with the workforce having increased by 20% in FY20 to 94 employees for an extra charge of c. €1m). On the commercial front, the company should launch the bioequivalence study for Zeneo Midazolam in the current year (with a potential result by year-end), a prerequisite to ask for a marketing authorisation in both Europe and the US. In terms of industrialisation of the company, management claims it is now able to produce as many as 500,000 units a year, with a target to reach 6m over the next two years for a total capex of €7.5m. In FY21, the group intends to produce the quantities of Zeneo necessary to file for marketing authorisations on both sides of the Atlantic, be in a position to answer Barda's tender offer (with a potential first market launch in H2 22), carry on the bioequivalence study for Zeneo Midazolam and sign new marketing agreements, particularly in the US. In terms of calendar, the group is mainly expecting new commercial agreements and the call for tender from Barda while it remains rather unclear on potential market authorisations, partly disturbed by the pandemic this year, and which will not appear before next year at best.

The gross cash position has remained almost stable (+€0.3m), while management indicates cash needs for the current year to be slightly above last year's (€14-15m). This should be financed by the bond issued in December (€5.2m see our Latest dated 15 December 2020, paid in April), €3m of public financing part of the €1.5m subsidy granted in February 2021, which could be completed by commercial agreements and/or further public financing. In other words, the gross cash situation enables the group to face its needs for the current year, which is good news.

### Impact

We will revise our forecasts in the light of these FY20 results. The main change will be that the Zeneo will reach the market at the end of FY22 at the earliest in our new forecasts (vs H2 21 previously), which should moderately reduce our target



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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

Buy	Upside: 230%
Target Price (6 months)	€ 10.6
Share Price	€ 3.22
Market Cap. €M	72.0
Price Momentum	<b>GOOD</b>
Extremes 12Months	1.58 ▶ 4.26
Sustainability score	4.9 /10
Credit Risk	BB ↗
Bloomberg	ALCJ FP Equity
Reuters	ALCJ.PA


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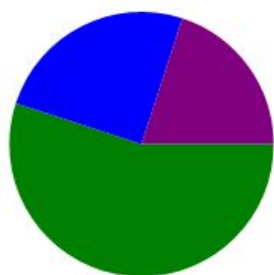

PERF	1w	1m	3m	12m
Crossject	-2.28%	-8.79%	1.58%	100%
Pharma	0.06%	5.51%	1.38%	8.45%
STOXX 600	1.73%	6.34%	7.60%	36.8%

Last updated: 15/12/2020	12/19A	12/20E	12/21E	12/22E
Adjusted P/E (x)	-3.81	-8.29	17.8	3.53
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-7.85	-13.3	9.53	3.27
Adjusted EPS (€)	-0.49	-0.32	0.18	0.91
Growth in EPS (%)	n/a	n/a	n/a	403
Dividend (€)	0.00	0.00	0.00	0.00
Sales (€M)	5.99	4.01	27.3	63.7
EBIT margin (%)	0.00	0.00	100.0	100.0
Attributable net profit (€M)	-7.78	-6.49	4.06	20.4
ROE (after tax) (%)	-333	-237	87.9	119
Gearing (%)	113	174	207	120

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

price, all other things being equal.

## Sales by Geography



■ Americas (55.0%)  
■ Europe (25.0%)  
■ Asia (20.0%)

## Consolidated P&L Accounts

		12/19A	12/20E	12/21E
Sales	€M	5.99	4.01	27.3
Change in sales	%	70.1	-33.1	580
Change in staff costs	%	26.2	11.3	11.3
EBITDA	€M	-5.00	-4.69	10.1
<b>EBITDA(R) margin</b>	%	<b>-83.3</b>	<b>-117</b>	<b>37.0</b>
Depreciation	€M	-3.65	-3.32	-3.35
Underlying operating profit	€M	-8.64	-8.01	6.75
<b>Operating profit (EBIT)</b>	<b>€M</b>	<b>-8.64</b>	<b>-8.01</b>	<b>6.75</b>
Net financial expense	€M	-0.49	-0.70	-0.70
of which related to pensions	€M		0.00	0.00
Exceptional items & other	€M	0.02	0.00	0.00
Corporate tax	€M	1.34	2.22	-2.00
Equity associates	€M			
Minority interests	€M			
<b>Adjusted attributable net profit</b>	<b>€M</b>	<b>-7.78</b>	<b>-6.49</b>	<b>4.06</b>
NOPAT	€M	-6.05	-5.61	4.73

## Cashflow Statement

		12/19A	12/20E	12/21E
EBITDA	€M	-5.00	-4.69	10.1
Change in WCR	€M	-0.96	0.75	-26.8
Actual div. received from equity holdi...	€M	0.00	0.00	0.00
Paid taxes	€M		2.22	-2.00
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	-5.95	-1.71	-18.7
Capital expenditure	€M	-4.40	-1.66	-1.72
Total investment flows	€M	-4.40	-1.66	-1.72
Net interest expense	€M	-0.49	-0.70	-0.70
Dividends (parent company)	€M			
Dividends to minorities interests	€M	0.00	0.00	0.00
New shareholders' equity	€M	5.40	5.70	0.00
Total financial flows	€M	4.40	8.90	16.2
Change in cash position	€M	-5.95	5.53	-4.20
<b>Free cash flow (pre div.)</b>	<b>€M</b>	<b>-10.8</b>	<b>-4.07</b>	<b>-21.1</b>

## Per Share Data

		12/19A	12/20E	12/21E
No. of shares net of treas. stock (year...	Mio	18.3	22.4	22.3
Number of diluted shares (average)	Mio	16.0	20.5	22.4
<b>Benchmark EPS</b>	<b>€</b>	<b>-0.49</b>	<b>-0.32</b>	<b>0.18</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	€ 14.8	40%	● UCB
NAV/SOTP per share	€ 9.94	40%	● Ipsen
P/E	€ 6.43	5%	■ Hikma Pharmaceuti...
EV/Ebitda	€ 5.68	5%	■ Faes Farma
P/Book	€ 1.61	5%	
Dividend Yield	€ 0.00	5%	
TARGET PRICE	€ 10.6	100%	

### NAV/SOTP Calculation

## Balance Sheet

		12/19A	12/20E	12/21E
Goodwill	€M	0.00	0.00	0.00
Total intangible	€M	6.25	5.42	5.09
Tangible fixed assets	€M	5.78	4.94	4.14
Financial fixed assets	€M	0.10	0.10	0.10
WCR	€M	-1.09	-1.84	25.0
Other assets	€M	2.61	2.85	2.59
Total assets (net of short term liab.)	€M	14.0	11.9	37.3
<b>Ordinary shareholders' equity</b>	<b>€M</b>	<b>3.01</b>	<b>2.47</b>	<b>6.76</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	5.80	5.80	5.80
<b>Net debt (cash)</b>	<b>€M</b>	<b>5.11</b>	<b>3.47</b>	<b>24.6</b>
Total liab. and shareholders' equity	€M	14.0	11.9	37.3

## Capital Employed

		12/19A	12/20E	12/21E
Capital employed after depreciation	€M	11.0	8.62	34.3

## Profits & Risks Ratios

		12/19A	12/20E	12/21E
<b>ROE (after tax)</b>	%	<b>-333</b>	<b>-237</b>	<b>87.9</b>
ROCE	%	-54.8	-65.0	13.8
<b>Gearing (at book value)</b>	%	<b>113</b>	<b>174</b>	<b>207</b>
Adj. Net debt/EBITDA(R)	x	-1.02	-0.74	2.43
Interest cover (x)	x	-17.6	-11.4	9.65

## Valuation Ratios

		12/19A	12/20E	12/21E
<b>Reference P/E (benchmark)</b>	<b>x</b>	<b>-3.81</b>	<b>-8.29</b>	<b>17.8</b>
Free cash flow yield	%	-31.9	-6.91	-29.5
P/Book	x	11.3	23.8	10.6
<b>Dividend yield</b>	%	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

## EV Calculation

		12/19A	12/20E	12/21E
Market cap	€M	34.0	58.9	71.6
+ 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	5.11	3.47	24.6
+ Leases debt equivalent	€M	0.00	0.00	0.00
- Financial fixed assets (fair value)	€M			
+ Minority interests (fair value)	€M			
= EV	€M	39.2	62.5	96.3
<b>EV/EBITDA(R)</b>	<b>x</b>	<b>-7.85</b>	<b>-13.3</b>	<b>9.53</b>
EV/Sales	x	6.54	15.6	3.53

Analyst : Fabrice Farigoule, Changes to Forecasts : 15/12/2020.