



Crossject

Supergenerics / France

Some extra non-dilutive financing

Financing issue - 04/02/2019

Fact

Crossject announced it had obtained a €1.1m financing from Bpifrance and the Bourgogne-Franche Comté region.

Analysis

The financing is made up of two loans (one relating to R&D and, the second one, interest-free, to support innovation). The total maturity is eight years with the first instalments in three years. The aim is to help/accelerate the ramp-up of the industrial production of Zeneo as well as its future growth. This comes after the capital increase of last December (€3.9m) and the loans are part of the “non-dilutive financings” the group was mentioning at that time, reminding that Crossject had estimated it needs €11m in financing for the next twelve months (to be covered by incentives, tax credit, upfront fees...). The news comes after Crossject had also announced it had obtained the “pharma” status, (“Etablissement Pharmaceutique”), granted by ANSM (Agence Nationale de Sécurité du Médicament). This enables Crossject to certify its production and carry out in-house quality controls, which is another milestone for the company on its way to the market. The news was (rightly) cheered by the market, with a c.28% jump last week.

Impact

No direct impact on our numbers (thus no change to our numbers/valuation), but this is another good piece of news for the company, i.e. another step to secure short-term needs before its products reach the market. As such, the release should be welcomed by the market, even if the big trigger for the share price will remain the first filings of its products, expected in 2020.



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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.

Buy	Upside: 578%
Target Price (6 months)	€ 10.3
Share Price	€ 1.52
Market Cap. €M	14.1
Price Momentum	UNFAVORABLE
Extremes 12Months	1.07 ▶ 4.65
Bloomberg	ALCJ FP Equity
Reuters	ALCJ.PA

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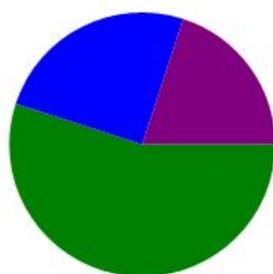


PERF	1w	1m	3m	12m
Crossject	26.2%	22.9%	28.4%	-62.9%
Pharma	2.12%	3.14%	-0.42%	7.48%
STOXX 600	0.52%	6.67%	-0.93%	-8.58%

Last updated: 24/12/2018	12/17A	12/18E	12/19E	12/20E
Adjusted P/E (x)	-5.28	-4.27	-3.06	-3.85
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-6.57	-4.06	-2.80	-5.06
Adjusted EPS (€)	-0.97	-0.73	-0.50	-0.39
Growth in EPS (%)	n/a	n/a	n/a	n/a
Dividend (€)	0.00	0.00	0.00	0.00
Sales (€M)	4.14	4.00	4.01	4.01
EBIT margin (%)	0.00	0.00	0.00	0.00
Attributable net profit (€M)	-7.61	-8.12	-6.72	-5.34
ROE (after tax) (%)	-123	-120	-158	350
Gearing (%)	-42.6	-58.4	-387	

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

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
EBITDA(R) margin	%	-153	-221	-168
Depreciation	€M	-2.28	-3.00	-3.00
Underlying operating profit	€M	-8.62	-11.8	-9.73
Operating profit (EBIT)	€M	-8.62	-11.8	-9.73
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			
Adjusted attributable net profit	€M	-7.61	-8.12	-6.72
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	9.30	0.00
Total financial flows	€M	9.40	11.4	3.46
Change in cash position	€M	-0.25	3.05	-0.84
Free cash flow (pre div.)	€M	-9.49	-8.64	-4.60

Per Share Data

		12/17A	12/18E	12/19E
No. of shares net of treas. stock (year...	Mio	8.64	13.4	13.4
Number of diluted shares (average)	Mio	7.87	11.1	13.5
Benchmark EPS	€	-0.97	-0.73	-0.50
Restated NAV per share	€			
Net dividend per share	€	0.00	0.00	0.00

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	€ 13.8	40%	■ Faes Farma
NAV/SOTP per share	€ 11.9	40%	■ Hikma Pharmaceuti...
P/E	€ 0.76	5%	■ Ipsen
EV/Ebitda	€ 0.00	5%	■ UCB
P/Book	€ 0.76	5%	
Dividend Yield	€ 0.00	5%	
TARGET PRICE	€ 10.3	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
Ordinary shareholders' equity	€M	6.09	7.50	1.02
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
Net debt (cash)	€M	-2.50	-6.26	-1.66
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
ROE (after tax)	%	-123	-120	-158
ROCE	%	-79.8	-102	-114
Gearing (at book value)	%	-42.6	-58.4	-387
Adj. Net debt/EBITDA(R)	x	0.39	0.71	0.25
Interest cover (x)	x	53.9	-39.4	-32.4

Valuation Ratios

		12/17A	12/18E	12/19E
Reference P/E (benchmark)	x	-5.28	-4.27	-3.06
Free cash flow yield	%	-21.5	-20.6	-22.5
P/Book	x	7.24	5.60	20.0
Dividend yield	%	0.00	0.00	0.00

EV Calculation

		12/17A	12/18E	12/19E
Market cap	€M	44.1	42.0	20.4
+ 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	-6.26	-1.66
+ Leases debt equivalent	€M	0.00	0.00	0.00
- Financial fixed assets (fair value)	€M			
+ Minority interests (fair value)	€M			
= EV	€M	41.7	35.8	18.9
EV/EBITDA(R)	x	-6.57	-4.06	-2.80
EV/Sales	x	10.1	8.96	4.70

Analyst : Fabrice Farigoule, Changes to Forecasts : 24/12/2018.