



Crossject

Supergenerics / France

The update of our assumptions confirms a huge upside potential

Latest - 22/07/2022

We have estimated the future contributions of all seven NTEs (New Therapeutic Entities) currently under development

We detail here the main assumptions we made, including the probability of success of each NTE

The update of our model after talking to management confirms the huge potential for the share price (over 250% in the mid-term)

Fact

We have adjusted our assumptions after extensive talks with management.

Analysis

After talking with the group's management, we have entirely revisited our model, which forecasts the launch of the seven NTEs (New Therapeutic Entities) currently under development. This includes namely: Naloxone, Sumatriptan, Midazolam, Adrenaline, Methotrexate, Hydrocortisone and Terbutaline.

Our assumptions are based on the launches of the seven current NTEs that the group is developing. Clinical studies will be carried out in FY22-24. Thereafter, regulatory approvals can be obtained with commercial launches expected in FY25-26.

We have based our estimates on the following assumptions: first, products will be sold through partnership agreements. This means Crossject will benefit from upfront fees and royalties, the former financing part of the clinical studies. Altogether, this boils down to considering that Crossject's turnover is a fraction (40%) of the final user's purchasing price, the difference representing the distributor/wholesaler's margin to account for logistics and marketing costs. We have also considered a risk factor: 50% for all NTEs, except for Midazolam, Epinephrine and Hydrocortisone (70%, i.e. a 30% risk of failure). Lastly, we have integrated the recent success with BARDA (the Biomedical Advanced Research and Development Authority) which has placed a US\$60m order (to be delivered as soon as the FDA approval is obtained) with Crossject on Zeneo Midazolam, used in the treatment of epilepsy and against nerve agents, and which will also financially support the late-stage development and regulatory activities to obtain FDA approval of Zeneo Midazolam 10mg and a new paediatric dose (also see our Latest dated 20 June 2022).

As a result, our estimates are based on the assumptions discussed with management in terms of number of units sold (i.e. Zeneo devices) and their ramp-up from commercial launch to maturity, for each sub-market (i.e. each NTE), with a probability that is the risk factor assessing both potential issues in the approval process and the risk of not being able to find a suitable partner.

This had led us to build our cash-flow projections which show a considerable upside to the current market price. On the NAV valuation side, we have considered a conservative sales multiple (3x) for the revenues achieved for each



Fabrice FARIGOULE
pharma@alphavalue.eu
+33 (0) 1 70 61 10 50
cs.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

Buy	Upside: 229%
Target Price (6 months)	€ 10.3
Share Price	€ 3.13
Market Cap. €M	79.3
Price Momentum	GOOD
Extremes 12Months	1.70 ▶ 3.59
Sustainability score	3.7 /10
Credit Risk	BBB →
Bloomberg	ALCJ FP Equity
Reuters	ALCJ.PA

[Download Full Analysis](#)[Company Page](#)

PERF	1w	1m	3m	12m
Crossject	1.13%	-9.28%	46.6%	12.6%
Pharma	2.17%	6.96%	-2.49%	12.7%
STOXX 600	4.40%	3.87%	-8.06%	-6.52%

Last updated: 25/05/2022	12/21A	12/22E	12/23E	12/24E
Adjusted P/E (x)	-11.1	4.99	2.23	1.42
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-17.0	4.84	2.47	1.54
Adjusted EPS (€)	-0.28	0.63	1.40	2.20
Growth in EPS (%)	n/a	n/a	123	57.3
Dividend (€)	0.00	0.00	0.00	0.00
Sales (€M)	5.85	51.9	94.6	143
EBIT margin (%)	0.00	100.0	100.0	100.0
Attributable net profit (€M)	-6.61	15.9	35.5	55.7
ROE (after tax) (%)	149	4,483	135	77.1
Gearing (%)		449	132	58.5

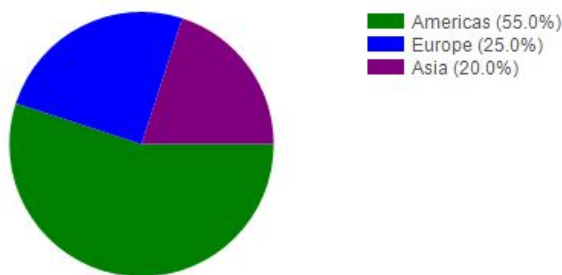
[Company Valuation](#) - [Company Financials](#)

NTE in FY25/26, which also shows a very significant upside potential. Lastly, it is worth noting that the peer valuation penalises Crossject, considering that the latter will not generate any turnover, thus results, before FY24.

■ Impact

The impact on the share price valuation is positive, despite the fact the first market launches will only occur in FY24 (Midazolam). This is mainly due to the fact that the probability of success has risen, as illustrated in our forecasts, and also integrating the first revenues linked to the contract with BARDA. Altogether, the upside potential remains huge (c. 250%).

Sales by Geography



Consolidated P&L Accounts

		12/21A	12/22E	12/23E
Sales	€M	5.85	51.9	94.6
Change in sales	%	2.00	788	82.1
Change in staff costs	%	0.00	16.7	0.00
EBITDA	€M	-5.81	27.8	57.1
EBITDA(R) margin	%	-99.4	53.6	60.3
Depreciation	€M	-3.35	-3.35	-3.35
Underlying operating profit	€M	-9.16	24.5	53.7
Operating profit (EBIT)	€M	-9.16	24.5	53.7
Net financial expense	€M	-0.70	-0.70	-0.70
of which related to pensions	€M		0.00	0.00
Exceptional items & other	€M	0.00	0.00	0.00
Corporate tax	€M	3.25	-7.85	-17.5
Equity associates	€M			
Minority interests	€M			
Adjusted attributable net profit	€M	-6.61	15.9	35.5
NOPAT	€M	-6.41	17.1	37.6

Cashflow Statement

		12/21A	12/22E	12/23E
EBITDA	€M	-5.81	27.8	57.1
Change in WCR	€M	1.39	-51.4	-43.0
Actual div. received from equity holdi...	€M	0.00	0.00	0.00
Paid taxes	€M		-7.85	-17.5
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	-4.42	-31.4	-3.49
Capital expenditure	€M	-1.72	-2.66	-2.27
Total investment flows	€M	-1.72	-2.66	-2.27
Net interest expense	€M	-0.70	-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	-1.00	24.1	9.30
Change in cash position	€M	-7.14	-9.96	3.55
Free cash flow (pre div.)	€M	-6.84	-34.7	-6.45

Per Share Data

		12/21A	12/22E	12/23E
No. of shares net of treas. stock (year...	Mio	25.3	25.3	25.2
Number of diluted shares (average)	Mio	24.0	25.4	25.4
Benchmark EPS	€	-0.28	0.63	1.40
Restated NAV per share	€			
Net dividend per share	€	0.00	0.00	0.00

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	€ 14.3	40%	● UCB
NAV/SOTP per share	€ 9.66	40%	● Faes Farma
P/E	€ 6.26	5%	● Hikma Pharmaceuti...
EV/Ebitda	€ 6.26	5%	● Ipsen
P/Book	€ 1.99	5%	
Dividend Yield	€ 0.00	5%	
TARGET PRICE	€ 10.3	100%	

NAV/SOTP Calculation

Balance Sheet

		12/21A	12/22E	12/23E
Goodwill	€M	0.00	0.00	0.00
Total intangible	€M	7.20	6.87	6.53
Tangible fixed assets	€M	5.96	6.10	5.86
Financial fixed assets	€M	0.11	0.11	0.11
WCR	€M	-3.43	47.9	91.0
Other assets	€M	8.62	8.36	8.09
Total assets (net of short term liab.)	€M	19.0	69.9	112
Ordinary shareholders' equity	€M	-7.74	8.45	44.2
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	6.01	6.01	6.01
Net debt (cash)	€M	20.6	55.3	61.7
Total liab. and shareholders' equity	€M	19.0	69.9	112

Capital Employed

		12/21A	12/22E	12/23E
Capital employed after depreciation	€M	9.84	61.0	103

Profits & Risks Ratios

		12/21A	12/22E	12/23E
ROE (after tax)	%	149	4,483	135
ROCE	%	-65.2	28.1	36.3
Gearing (at book value)	%		449	132
Adj. Net debt/EBITDA(R)	x	-3.54	1.99	1.08
Interest cover (x)	x	-13.1	35.0	76.7

Valuation Ratios

		12/21A	12/22E	12/23E
Reference P/E (benchmark)	x	-11.1	4.99	2.23
Free cash flow yield	%	-8.79	-43.8	-8.19
P/Book	x	-10.1	9.39	1.78
Dividend yield	%	0.00	0.00	0.00

EV Calculation

		12/21A	12/22E	12/23E
Market cap	€M	77.9	79.3	78.8
+ 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	20.6	55.3	61.7
+ Leases debt equivalent	€M	0.00	0.00	0.00
- Financial fixed assets (fair value)	€M			
+ Minority interests (fair value)	€M			
= EV	€M	98.5	135	141
EV/EBITDA(R)	x	-17.0	4.84	2.47
EV/Sales	x	16.9	2.59	1.49

Analyst : Fabrice Farigoule, Changes to Forecasts : 25/05/2022.