



Crossject

Supergenerics / France

Meaningless FY19 results and product update

Earnings/sales releases - 29/03/2020

FY19 results meaningless as usual

Some calendar delay due to the COVID-19 crisis

The company on track though for first filings in FY20/21

No change to our opinion after the release

Fact

Crossject released FY19 results. Revenues reached €5,994k vs €3.52m, operating result €-8,643k vs €-11,556k, and the net result €-7,174k vs €-10,711k. Net cash at the end of FY19 amounted to €7.9m vs €4.8m a year before.

Analysis

As usual, we recall 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 topline has so far little meaning, as well as the losses posted by the company. That said, the FY19 numbers still show a rather good control of operating expenses (staff as well as purchases) which has enabled the group to contain operating losses (actually down €3m), helped by higher capitalised production. In terms of cash position, the group has benefited from a number of sources (upfront from Desitin, subscription rights, convertible bonds...) which has enabled it to close the year with a very decent cash position, offering some visibility over the current year. As far as the COVID-19 outbreak is concerned, the group has taken necessary steps (home office, production stopped), although it is not too impacted since the industrial production has of course not started yet. However, Crossject also indicated that the calendar for the NTE filings will be impacted (without quantifying such a delay). We understand that little will happen on that front before year-end 20/beginning of FY21. By product, the focus is still on Midazolam (particularly in the US) and Adrenalin for which the group has bought back the rights from its former partner (which will include a future single-digit royalty). All in all, full-year results are not meaningful but the company seems on track (barring unexpected news on the COVID-19 front) to meet its targets in terms of marketing authorisation in a foreseeable future. The financial situation looks OK for the time being, with the prospects for some upfront payments that could hopefully avoid new issues.

Impact

We will not change our numbers after the release (other than adjusting FY19 numbers), since forecasts are based on future product launches and, as such, are not impacted by short-term financial results.



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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: 516%
Target Price (6 months)	€ 10.2
Share Price	€ 1.65
Market Cap. €M	30.4
Price Momentum	UNFAVORABLE
Extremes 12Months	1.16 ▶ 3.18
Bloomberg	ALCJ FP Equity
Reuters	ALCJ.PA

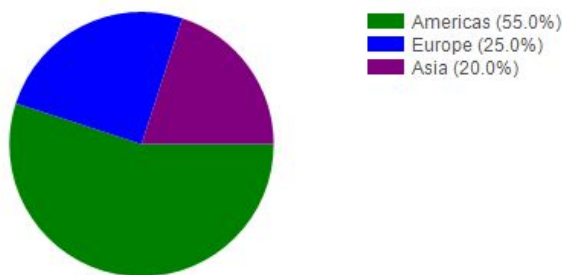
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PERF	1w	1m	3m	12m
Crossject	22.2%	-27.0%	-30.7%	-15.8%
Pharma	2.86%	-11.2%	-11.4%	3.90%
STOXX 600	6.09%	-23.2%	-25.9%	-17.6%

Last updated: 05/06/2019	12/18A	12/19E	12/20E	12/21E
Adjusted P/E (x)	-1.81	-3.64	-4.79	7.46
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-3.06	-4.44	-6.76	5.70
Adjusted EPS (€)	-0.96	-0.48	-0.34	0.22
Growth in EPS (%)	n/a	n/a	n/a	n/a
Dividend (€)	0.00	0.00	0.00	0.00
Sales (€M)	3.52	4.01	4.01	27.3
EBIT margin (%)	0.00	0.00	0.00	100.0
Attributable net profit (€M)	-10.7	-7.65	-6.32	4.06
ROE (after tax) (%)	-276	-1,178	186	-157
Gearing (%)	-23.7			1,321

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

Sales by Geography



Consolidated P&L Accounts

		12/18A	12/19E	12/20E
Sales	€M	3.52	4.01	4.01
Change in sales	%	-14.9	13.8	0.00
Change in staff costs	%	29.2	22.8	11.3
EBITDA	€M	-8.23	-7.40	-5.40
EBITDA(R) margin	%	-234	-184	-135
Depreciation	€M	-3.32	-3.32	-3.32
Underlying operating profit	€M	-11.6	-10.7	-8.73
Operating profit (EBIT)	€M	-11.6	-10.7	-8.73
Net financial expense	€M	-0.70	-0.70	-0.70
of which related to pensions	€M		0.00	0.00
Exceptional items & other	€M	-0.01	0.00	0.00
Corporate tax	€M	1.59	3.77	3.11
Equity associates	€M			
Minority interests	€M			
Adjusted attributable net profit	€M	-10.7	-7.65	-6.32
NOPAT	€M	-8.09	-7.50	-6.11

Cashflow Statement

		12/18A	12/19E	12/20E
EBITDA	€M	-8.23	-7.40	-5.40
Change in WCR	€M	-1.06	1.36	-0.76
Actual div. received from equity holdi...	€M	0.00	0.00	0.00
Paid taxes	€M	1.59	3.77	3.11
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	-7.70	-2.27	-3.06
Capital expenditure	€M	-3.27	-1.60	-1.66
Total investment flows	€M	-3.27	-1.60	-1.66
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	11.8	5.40	0.00
Total financial flows	€M	12.5	7.50	13.3
Change in cash position	€M	1.53	3.63	8.55
Free cash flow (pre div.)	€M	-11.7	-4.57	-5.41

Per Share Data

		12/18A	12/19E	12/20E
No. of shares net of treas. stock (year...)	Mio	13.4	18.2	18.2
Number of diluted shares (average)	Mio	11.1	15.9	18.3
Benchmark EPS	€	-0.96	-0.48	-0.34
Restated NAV per share	€			
Net dividend per share	€	0.00	0.00	0.00

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	€ 15.1	40%	■ Faes Farma
NAV/SOTP per share	€ 10.1	40%	■ Hikma Pharmaceuti...
P/E	€ 0.83	5%	■ Ipsen
EV/Ebitda	€ 0.00	5%	■ UCB
P/Book	€ 0.83	5%	
Dividend Yield	€ 0.00	5%	
TARGET PRICE	€ 10.2	100%	

NAV/SOTP Calculation

Balance Sheet

		12/18A	12/19E	12/20E
Goodwill	€M	0.00	0.00	0.00
Total intangible	€M	4.65	3.82	2.99
Tangible fixed assets	€M	6.34	5.45	4.62
Financial fixed assets	€M	0.10	0.10	0.10
WCR	€M	-2.05	-3.41	-2.64
Other assets	€M	2.02	2.26	2.50
Total assets (net of short term liab.)	€M	11.3	8.46	7.80
Ordinary shareholders' equity	€M	1.66	-0.36	-6.43
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	7.81	7.81	7.81
Net debt (cash)	€M	1.72	0.88	6.30
Total liab. and shareholders' equity	€M	11.3	8.46	7.80

Capital Employed

		12/18A	12/19E	12/20E
Capital employed after depreciation	€M	9.05	5.96	5.06

Profits & Risks Ratios

		12/18A	12/19E	12/20E
ROE (after tax)	%	-276	-1,178	186
ROCE	%	-89.4	-126	-121
Gearing (at book value)	%	-23.7		
Adj. Net debt/EBITDA(R)	x	-0.21	-0.12	-1.17
Interest cover (x)	x	-16.5	-15.3	-12.5

Valuation Ratios

		12/18A	12/19E	12/20E
Reference P/E (benchmark)	x	-1.81	-3.64	-4.79
Free cash flow yield	%	-50.0	-14.3	-18.0
P/Book	x	14.1	-89.4	-4.68
Dividend yield	%	0.00	0.00	0.00

EV Calculation

		12/18A	12/19E	12/20E
Market cap	€M	23.4	31.8	30.1
+ 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	1.72	0.88	6.30
+ Leases debt equivalent	€M	0.00	0.00	0.00
- Financial fixed assets (fair value)	€M			
+ Minority interests (fair value)	€M			
= EV	€M	25.2	32.9	36.5
EV/EBITDA(R)	x	-3.06	-4.44	-6.76
EV/Sales	x	7.16	8.19	9.11

Analyst : Fabrice Farigoule, Changes to Forecasts : 05/06/2019.