



Crossject

Supergenerics / France

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Business update

Latest - 17/05/2018

Fact

Crossject has published a short release to comment on its activities.

Analysis

As we expected, the group confirmed the planning of market approval filings in Europe and the US (FY19 for Zeneo® Sumatriptan, Zeneo® Midazolam, Zeneo® Adrenaline, Zeneo® Hydrocortisone, Zeneo® Naloxone, FY20 for Zeneo® Methotrexate and Zeneo® Terbutaline). It also confirmed ongoing negotiations for a licensing agreement concerning Zeneo® Sumatriptan in the US with a possible outcome by mid-2018. The production line for gas generators has been approved from a regulatory standpoint, a necessary step to see the production lines approved and the production ramp-up for the bioequivalence studies. All in all, this is good news, in particular since the group does not mention any delays compared to what was previously communicated to the market, a reassuring point since this has not always been the case in the past. For those who have been patient, the reward is getting nearer by the day.

Impact

We will not change our numbers and opinion on the release. We will, however, update our model shortly, particularly to take into account the new NTE (Zeneo® Terbutaline) Crossject intends to market. Half-year results are due on 26 September.



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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: 323%
Target Price (6 months)	€ 16.0
Share Price	€ 3.79
Market Cap. €M	33.4
Price Momentum	NEGATIVE
Extremes 12Months	3.78 ▶ 6.80
Bloomberg	ALCJ FP Equity
Reuters	ALCJ.PA

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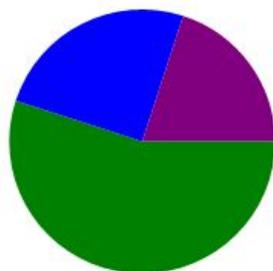


PERF	1w	1m	3m	12m
Crossject	-2.70%	-9.22%	-11.7%	-35.2%
Pharma	1.17%	4.87%	6.20%	-6.52%
STOXX 600	0.20%	4.10%	3.31%	-0.68%

Last updated:	06/11/2017	12/15A	12/16A	12/17E	12/18E
Adjusted P/E (x)		-8.05	-7.64	-12.9	-10.6
Dividend yield (%)		0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)		-7.51	-9.19	-15.8	-5.98
Adjusted EPS (€)		-0.88	-0.98	-0.41	-0.36
Growth in EPS (%)		n/a	n/a	n/a	n/a
Dividend (€)		0.00	0.00	0.00	0.00
Sales (€M)		2.37	1.43	2.00	2.00
EBIT margin (%)		ns	ns	-196	ns
Attributable net profit (€M)		-5.73	-6.66	-3.22	-3.09
ROE (after tax) (%)		-49.2	-88.4	-44.0	-44.6
Gearing (%)		-91.3	-62.3	-46.4	-183

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

Sales by Geography



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

Consolidated P&L Accounts

		12/16A	12/17E	12/18E
Sales	€M	1.43	2.00	2.00
Change in sales	%	-39.8	40.2	0.00
Change in staff costs	%	5.41	17.7	12.2
EBITDA	€M	-5.52	-2.57	-2.97
EBITDA(R) margin	%	-387	-129	-148
Depreciation	€M	-1.77	-1.35	-1.35
Underlying operating profit	€M	-7.29	-3.92	-4.32
Operating profit (EBIT)	€M	-7.29	-3.92	-4.32
Net financial expense	€M	-1.06	-0.30	-0.30
of which related to pensions	€M		0.00	0.00
Exceptional items & other	€M	0.59	0.00	0.00
Corporate tax	€M	1.10	1.00	1.52
Equity associates	€M			
Minority interests	€M			
Adjusted attributable net profit	€M	-6.66	-3.22	-3.09
NOPAT	€M	-5.10	-2.74	-3.02

Cashflow Statement

		12/16A	12/17E	12/18E
EBITDA	€M	-5.52	-2.57	-2.97
Change in WCR	€M	-0.33	0.46	0.21
Actual div. received from equity holdi...	€M	0.00	0.00	0.00
Paid taxes	€M	0.00	1.00	1.52
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	-5.85	-1.11	-1.23
Capital expenditure	€M	-6.00	-0.50	-0.53
Total investment flows	€M	-6.00	-0.50	-0.53
Net interest expense	€M	-1.06	-0.30	-0.30
Dividends (parent company)	€M			
Dividends to minorities interests	€M	0.00	0.00	0.00
New shareholders' equity	€M	4.10	4.30	0.00
Total financial flows	€M	9.00	0.96	10.9
Change in cash position	€M	-2.85	-0.65	9.16
Free cash flow (pre div.)	€M	-12.9	-1.91	-2.06

Per Share Data

		12/16A	12/17E	12/18E
No. of shares net of treas. stock (year...	Mio	7.11	8.64	8.64
Number of diluted shares (average)	Mio	6.80	7.87	8.69
Benchmark EPS	€	-0.98	-0.41	-0.36
Restated NAV per share	€			
Net dividend per share	€	0.00	0.00	0.00

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	€ 21.5	40%	■ Faes Farma
NAV/SOTP per share	€ 18.2	40%	■ Hikma Pharmaceuti...
P/E	€ 1.90	5%	■ Ipsen
EV/Ebitda	€ 0.00	5%	■ Stada Arzneimittel
P/Book	€ 1.90	5%	■ UCB
Dividend Yield	€ 0.00	5%	
TARGET PRICE	€ 16.0	100%	

NAV/SOTP Calculation

Balance Sheet

		12/16A	12/17E	12/18E
Goodwill	€M	0.00	0.00	0.00
Total intangible	€M	2.51	2.17	1.83
Tangible fixed assets	€M	5.78	5.27	4.78
Financial fixed assets	€M	0.10	0.10	0.10
WCR	€M	-2.17	-2.63	-2.84
Other assets	€M	1.97	2.97	3.21
Total assets (net of short term liab.)	€M	8.24	7.93	7.14
Ordinary shareholders' equity	€M	6.28	8.36	5.51
Quasi Equity & Preferred	€M			
Minority interests	€M			
Provisions for pensions	€M	0.00	0.00	0.00
Other provisions for risks and liabilities	€M	0.12	0.12	0.12
Total provisions for risks and liabilities	€M	0.12	0.12	0.12
Tax liabilities	€M	0.00	0.00	0.00
Other liabilities	€M	4.52	4.52	16.6
Net debt (cash)	€M	-2.69	-5.08	-15.1
Total liab. and shareholders' equity	€M	8.24	7.93	7.14

Capital Employed

		12/16A	12/17E	12/18E
Capital employed after depreciation	€M	6.22	4.91	3.88

Profits & Risks Ratios

		12/16A	12/17E	12/18E
ROE (after tax)	%	-88.4	-44.0	-44.6
ROCE	%	-82.1	-55.9	-77.9
Gearing (at book value)	%	-62.3	-46.4	-183
Adj. Net debt/EBITDA(R)	x	0.49	1.97	5.09
Interest cover (x)	x	-6.88	-13.1	-14.4

Valuation Ratios

		12/16A	12/17E	12/18E
Reference P/E (benchmark)	x	-7.64	-12.9	-10.6
Free cash flow yield	%	-24.2	-4.21	-6.29
P/Book	x	8.48	5.44	5.94
Dividend yield	%	0.00	0.00	0.00

EV Calculation

		12/16A	12/17E	12/18E
Market cap	€M	53.3	45.5	32.7
+ Provisions	€M	0.12	0.12	0.12
+ Unrecognised actuarial losses/(gains)	€M	0.00	0.00	0.00
+ Net debt at year end	€M	-2.69	-5.08	-15.1
+ Leases debt equivalent	€M	0.00	0.00	0.00
- Financial fixed assets (fair value)	€M			
+ Minority interests (fair value)	€M			
= EV	€M	50.7	40.5	17.7
EV/EBITDA(R)	x	-9.19	-15.8	-5.98
EV/Sales	x	35.5	20.2	8.87

Analyst : Fabrice Farigoule, Changes to Forecasts : 06/11/2017.