



# Crossject

Supergenerics / France

## A rather reassuring H1 22

Earnings/sales releases - 23/09/2022

The H1 22 results came in line with expectations, “as usual”

The group continues with its efforts on Midazolam, Hydrocortisone and Adrenaline

The bioequivalence study for Midazolam should be ready this autumn

After the positive result of the BARDA, we expect more on the commercial front

### Fact

Crossject released H1 21 results. Revenues reached €3,374k vs €3,176k, operating result €-6,959k vs €-6,204k, and net result €-5,874k vs €-5,450k. Gross cash at the end of H1 21 amounted to €5.7m vs €9.9m at the end of FY21.

### Analysis

As usual, we recall that the 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. That said, the group's P&L looks roughly as it looked last year over the same period at the profit level, a statement that we are used to making. We view this as rather positive, since it is a sign that operating expenses are under control despite the fact the company is still in a development phase. Operating expenses are up some +10% (mainly due to external charges and salaries) which explains the slightly lower operating results, while the top line has benefited from the agreement with Eaton Pharmaceutical (€0.45m). On the balance sheet side, it is worth noting that shareholders' funds become positive after the exercise of convertible bonds (€12m) and subscription rights (€2.4m). Gross cash amounted to €5.7m, which may seem a bit low compared to the end of FY21 and is explained by the investments made necessary by the future filing of the group's products. Still, we believe that further licensing agreements, subsidies or simply bank debt could make it possible for the group not to resort to dilutive instruments. This is not a given though since some €4.2m was burnt in H1, and management can not at this stage rule out it will resort to the market once again to complete its financing.

In operating terms, the group insists on the milestones it has reached during the first half, including the agreement with the BARDA (with a total value of US\$155m if all options are exercised) on Midazolam, the development of Zeneo Midazolam and Zeneo Hydrocortisone or the ISO13485 certification obtained in August. Interestingly, the group mentions that negotiations with potential partners have been boosted by the latter as well as by the agreement with the BARDA. Management is confident that the result of the clinical study for Zeneo Midazolam will further support such negotiations.

### Impact

All in all, no real surprise in the group's results. At the same time, we acknowledge that the group's development is going in the right direction and, after the agreement with the BARDA, we expect more on the commercial side in the short



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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

<b>Buy</b>	<b>Upside: 258%</b>
Target Price (6 months)	€ 10.4
Share Price	€ 2.89
Market Cap. €M	101
Price Momentum	<b>UNFAVORABLE</b>
Extremes 12Months	1.70 ▶ 4.70
Sustainability score	3.7 /10
Credit Risk	DDD →
Bloomberg	ALCJ FP Equity
Reuters	ALCJ.PA

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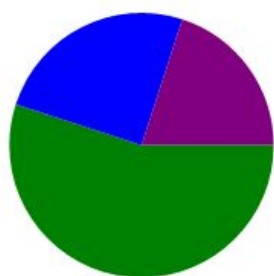
PERF	1w	1m	3m	12m
Crossject	-10.7%	-31.1%	-16.1%	-6.77%
Pharma	-3.83%	-6.27%	-5.22%	-1.71%
STOXX 600	-3.62%	-7.32%	-1.47%	-13.7%

Last updated: 05/09/2022	12/21A	12/22E	12/23E	12/24E
Adjusted P/E (x)	-6.95	-12.5	-11.4	6.54
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-12.9	-18.7	-13.6	5.91
Adjusted EPS (€)	-0.44	-0.23	-0.25	0.44
Growth in EPS (%)	n/a	n/a	n/a	n/a
Dividend (€)	0.00	0.00	0.00	0.00
Sales (€M)	6.77	0.01	0.01	46.0
EBIT margin (%)	0.00	0.00	0.00	100
Attributable net profit (€M)	-10.6	-7.08	-9.04	15.8
ROE (after tax) (%)	321	79.5	54.1	-121
Gearing (%)				

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

term, not to mention further progress for the group's products on their way to the market. We will marginally adjust our numbers for FY22 with no major impact on our valuation of the stock.

## Sales by Geography



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

## Consolidated P&L Accounts

		12/21A	12/22E	12/23E
Sales	€M	6.77	0.01	0.01
Change in sales	%	18.2	-99.9	0.00
Change in staff costs	%	0.00	16.7	0.00
EBITDA	€M	-7.33	-6.52	-9.45
<b>EBITDA(R) margin</b>	%	<b>-108</b>	<b>ns</b>	<b>ns</b>
Depreciation	€M	-4.49	-3.35	-3.35
Underlying operating profit	€M	-11.8	-9.87	-12.8
<b>Operating profit (EBIT)</b>	<b>€M</b>	<b>-11.8</b>	<b>-9.87</b>	<b>-12.8</b>
Net financial expense	€M	-0.67	-0.70	-0.70
of which related to pensions	€M		0.00	0.00
Exceptional items & other	€M	0.08	0.00	0.00
Corporate tax	€M	1.82	3.49	4.45
Equity associates	€M			
Minority interests	€M			
<b>Adjusted attributable net profit</b>	<b>€M</b>	<b>-10.6</b>	<b>-7.08</b>	<b>-9.04</b>
NOPAT	€M	-8.28	-6.91	-8.96

## Cashflow Statement

		12/21A	12/22E	12/23E
EBITDA	€M	-7.33	-6.52	-9.45
Change in WCR	€M	-0.34	1.83	1.12
Actual div. received from equity holdi...	€M	0.00	0.00	0.00
Paid taxes	€M		3.49	4.45
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	-7.67	-1.20	-3.87
Capital expenditure	€M	-6.73	-2.66	-2.27
Total investment flows	€M	-6.73	-2.66	-2.27
Net interest expense	€M	-0.67	-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	12.1	24.1	9.30
Change in cash position	€M	-2.34	20.2	3.16
<b>Free cash flow (pre div.)</b>	<b>€M</b>	<b>-15.1</b>	<b>-4.56</b>	<b>-6.84</b>

## Per Share Data

		12/21A	12/22E	12/23E
No. of shares net of treas. stock (year...	Mio	25.3	34.8	34.6
Number of diluted shares (average)	Mio	24.0	30.7	35.8
<b>Benchmark EPS</b>	<b>€</b>	<b>-0.44</b>	<b>-0.23</b>	<b>-0.25</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	€ 13.2	40%	● UCB
NAV/SOTP per share	€ 12.3	40%	● Coloplast
P/E	€ 1.45	5%	● Faes Farma
EV/Ebitda	€ 0.00	5%	● bioMerieux
P/Book	€ 1.45	5%	● Hikma Pharmaceuti...
Dividend Yield	€ 0.00	5%	● Ipsen
TARGET PRICE	€ 10.4	100%	● Carl Zeiss Meditec
			● Sartorius

### NAV/SOTP Calculation

## Balance Sheet

		12/21A	12/22E	12/23E
Goodwill	€M	0.00	0.00	0.00
Total intangible	€M	9.14	8.81	8.47
Tangible fixed assets	€M	7.15	7.29	7.04
Financial fixed assets	€M	0.08	0.08	0.08
WCR	€M	-1.71	-3.54	-4.66
Other assets	€M	3.02	2.75	2.49
Total assets (net of short term liab.)	€M	18.4	16.1	14.2
<b>Ordinary shareholders' equity</b>	<b>€M</b>	<b>-5.48</b>	<b>-12.3</b>	<b>-21.1</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	7.25	7.25	7.25
<b>Net debt (cash)</b>	<b>€M</b>	<b>16.5</b>	<b>21.1</b>	<b>27.9</b>
Total liab. and shareholders' equity	€M	18.4	16.1	14.2

## Capital Employed

		12/21A	12/22E	12/23E
Capital employed after depreciation	€M	14.7	12.6	10.9

## Profits & Risks Ratios

		12/21A	12/22E	12/23E
<b>ROE (after tax)</b>	%	<b>321</b>	<b>79.5</b>	<b>54.1</b>
ROCE	%	-56.5	-54.7	-82.0
<b>Gearing (at book value)</b>	%			
Adj. Net debt/EBITDA(R)	x	-2.25	-3.23	-2.96
Interest cover (x)	x	-17.6	-14.1	-18.3

## Valuation Ratios

		12/21A	12/22E	12/23E
<b>Reference P/E (benchmark)</b>	<b>x</b>	<b>-6.95</b>	<b>-12.5</b>	<b>-11.4</b>
Free cash flow yield	%	-19.4	-4.53	-6.84
P/Book	x	-14.2	-8.17	-4.73
<b>Dividend yield</b>	%	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

## EV Calculation

		12/21A	12/22E	12/23E
Market cap	€M	77.9	101	100
+ 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	16.5	21.1	27.9
+ Leases debt equivalent	€M	0.00	0.00	0.00
- Financial fixed assets (fair value)	€M			
+ Minority interests (fair value)	€M			
= EV	€M	94.5	122	128
<b>EV/EBITDA(R)</b>	<b>x</b>	<b>-12.9</b>	<b>-18.7</b>	<b>-13.6</b>
EV/Sales	x	14.0	ns	ns

Analyst : Fabrice Farigoule, Changes to Forecasts : 05/09/2022.