



Crossject

Supergenerics / France

The update of our assumptions confirms a huge upside potential

Things get moving - 25/07/2022

Change in Target Price

€ 11.3 vs 10.3 **+9.17%**

Despite the fact we have quite significantly changed our assumptions after extensive talks with management, our target price does not move much. On the one hand, it is boosted by the NAV valuation based on future sales multiples of the products to be launched from FY24 onwards but, on the other, it is penalised by short-term losses. Actually, the peer-based comparison is very unfavourable for Crossject, considering that it will not generate any turnover, thus results, before FY24.

Change in EPS

2022 : € -0.26 vs 0.63 **ns**
 2023 : € -0.31 vs 1.40 **ns**

Our short-term EPS forecasts have little meaning given the fact Crossject will not launch any product on the market before 2024 according to our assumptions. The main changes in the latter refer to the launches of products in FY24 and thereafter, thus one should not pay too much attention to the very short-term earnings profile of the company, which only captures the expenses incurred to develop the future portfolio of products.

Change in NAV

€ 13.3 vs 9.66 **+38.2%**

We have reviewed our assumptions regarding the future launches of the seven NTEs (New Therapeutic Entities) that the group is currently working on. This has translated into significant changes in the mid-term revenues we expect for FY24 and beyond. Since our NAV is based on sales multiples (3x) of the FY25-26 revenues, it is quite significantly impacted by this change in assumptions and translates into a higher valuation of the group.

Change in DCF

€ 14.4 vs 14.3 **+0.77%**

Despite the fact we have changed our mid-term estimates (from FY25-26 on), the DCF valuation does not move much since we have been rather cautious on the cash flows that the group will be able to generate in the short to mid-term, in particular due to the build-up of working capital. This valuation nonetheless results in a very significant upside, which confirms our view that the current pipeline is very promising in terms of potential share price performance over the mid-term.



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 : 255%
Target Price (6 months)	€ 11.3
Share Price	€ 3.17
Market Cap. €M	86.9
Price Momentum	GOOD
Extremes 12Months	1.70 ▶ 3.59
Bloomberg	ALCJ FP Equity
Reuters	ALCJ.PA

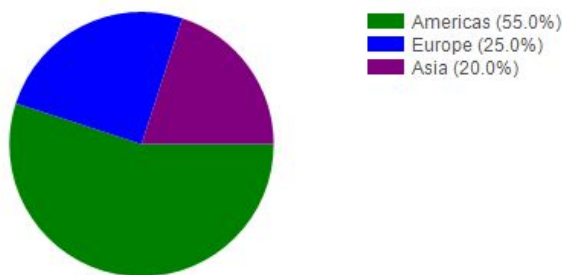
[Download Full Analysis](#)[Company Page](#)

PERF	1w	1m	3m	12m
Crossject	1.93%	-7.98%	55.8%	8.19%
Pharma	-0.83%	5.92%	-2.21%	12.6%
SXXR Index	2.90%	5.03%	-5.10%	-4.34%

Last updated: 25/07/2022	12/21A	12/22E	12/23E	12/24E
Adjusted P/E (x)	-6.95	-12.3	-10.4	5.93
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-12.9	-16.6	-12.1	5.41
Adjusted EPS (€)	-0.44	-0.26	-0.31	0.53
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](#)

Sales by Geography



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
EBITDA(R) margin	%	-108	ns	ns
Depreciation	€M	-4.49	-3.35	-3.35
Underlying operating profit	€M	-11.8	-9.87	-12.8
Operating profit (EBIT)	€M	-11.8	-9.87	-12.8
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			
Adjusted attributable net profit	€M	-10.6	-7.08	-9.04
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
Free cash flow (pre div.)	€M	-15.1	-4.56	-6.84

Per Share Data

		12/21A	12/22E	12/23E
No. of shares net of treas. stock (year...)	Mio	25.3	27.4	27.2
Number of diluted shares (average)	Mio	24.0	27.6	29.6
Benchmark EPS	€	-0.44	-0.26	-0.31
Restated NAV per share	€			
Net dividend per share	€	0.00	0.00	0.00

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	€ 14.4	40%	● UCB
NAV/SOTP per share	€ 13.3	40%	● Coloplast
P/E	€ 1.59	5%	● Faes Farma
EV/Ebitda	€ 0.00	5%	● bioMerieux
P/Book	€ 1.59	5%	● Hikma Pharmaceuti...
Dividend Yield	€ 0.00	5%	● Ipsen
TARGET PRICE	€ 11.3	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
Ordinary shareholders' equity	€M	-5.48	-12.3	-21.1
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
Net debt (cash)	€M	16.5	21.1	27.9
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
ROE (after tax)	%	321	79.5	54.1
ROCE	%	-56.5	-54.7	-82.0
Gearing (at book value)	%			
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
Reference P/E (benchmark)	x	-6.95	-12.3	-10.4
Free cash flow yield	%	-19.4	-5.25	-7.92
P/Book	x	-14.2	-7.05	-4.09
Dividend yield	%	0.00	0.00	0.00

EV Calculation

		12/21A	12/22E	12/23E
Market cap	€M	77.9	86.9	86.3
+ 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	108	114
EV/EBITDA(R)	x	-12.9	-16.6	-12.1
EV/Sales	x	14.0	ns	ns

Analyst : Fabrice Farigoule, Changes to Forecasts : 25/07/2022.