



Crossject

Supergenerics / France

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The delayed launch of Zeneo implies a lower target price

The market is within reach - 03/10/2018

Change in EPS

2018 : € -0.91 vs -0.94	ns
2019 : € -0.73 vs -0.79	ns

Our EPS forecasts only move marginally in the short term and are not very significant since the company will start selling Zeneo as of 2021. They mostly depend on the level of external charges and staff costs engaged to prepare for the commercial launch of Zeneo.

Change in NAV

€ 17.2 vs 19.0	-9.66%
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Our SOTP valuation goes down in line with a smaller than expected turnover over 2020-23, which is the basis for our calculation of the average level of sales by NTE, due to the one-year postponement of registration filings announced on 27 September.

Change in DCF

€ 19.8 vs 24.9	-20.7%
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Our DCF valuation goes quite substantially down, mainly due to the fact the group's first sales are postponed by a year (i.e. 2021 instead of 2020) for most NTEs (and 2022 for the last one). This implies a higher discount due to time obviously, while our other assumptions have not materially changed.



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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 : 932%

Target Price (6 months)	€ 14.9
Share Price	€ 1.44
Market Cap. €M	13.4
Price Momentum	NEGATIVE
Extremes 12Months	1.44 ▶ 5.15
Bloomberg	ALCJ FP Equity
Reuters	ALCJ.PA

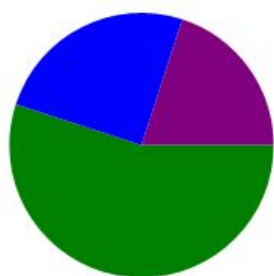

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PERF	1w	1m	3m	12m
Crossject	-48.4%	-56.0%	-57.2%	-70.6%
Pharma	1.47%	0.80%	7.16%	1.41%
SXXR Index	-0.50%	0.00%	1.78%	0.65%

Last updated: 03/10/2018	12/16A	12/17A	12/18E	12/19E
Adjusted P/E (x)	-7.64	-5.45	-1.58	-1.97
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-9.19	-6.78	-1.24	-2.31
Adjusted EPS (€)	-0.98	-0.97	-0.91	-0.73
Growth in EPS (%)	n/a	n/a	n/a	n/a
Dividend (€)	0.00	0.00	0.00	0.00
Sales (€M)	1.43	4.14	4.00	4.01
EBIT margin (%)	0.00	0.00	0.00	0.00
Attributable net profit (€M)	-6.66	-7.61	-8.12	-6.72
ROE (after tax) (%)	-88.4	-123	-169	-2,551
Gearing (%)	-62.3	-42.6	-67.9	

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Sales by Geography



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

Consolidated P&L Accounts

		12/17A	12/18E	12/19E
Sales	€M	4.14	4.00	4.01
Change in sales	%	190	-3.44	0.25
Change in staff costs	%	33.0	23.7	11.3
EBITDA	€M	-6.35	-8.82	-6.73
EBITDA(R) margin	%	-153	-221	-168
Depreciation	€M	-2.28	-3.00	-3.00
Underlying operating profit	€M	-8.62	-11.8	-9.73
Operating profit (EBIT)	€M	-8.62	-11.8	-9.73
Net financial expense	€M	0.16	-0.30	-0.30
of which related to pensions	€M		0.00	0.00
Exceptional items & other	€M	-0.28	0.00	0.00
Corporate tax	€M	1.13	4.00	3.31
Equity associates	€M			
Minority interests	€M			
Adjusted attributable net profit	€M	-7.61	-8.12	-6.72
NOPAT	€M	-6.03	-8.28	-6.81

Cashflow Statement

		12/17A	12/18E	12/19E
EBITDA	€M	-6.35	-8.82	-6.73
Change in WCR	€M	0.94	0.53	0.72
Actual div. received from equity holdi...	€M	0.00	0.00	0.00
Paid taxes	€M	0.00	4.00	3.31
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	-5.41	-4.29	-2.70
Capital expenditure	€M	-4.25	-4.05	-1.60
Total investment flows	€M	-4.25	-4.05	-1.60
Net interest expense	€M	0.16	-0.30	-0.30
Dividends (parent company)	€M			
Dividends to minorities interests	€M	0.00	0.00	0.00
New shareholders' equity	€M	7.41	5.30	0.00
Total financial flows	€M	9.40	7.39	3.46
Change in cash position	€M	-0.25	-0.95	-0.84
Free cash flow (pre div.)	€M	-9.49	-8.64	-4.60

Per Share Data

		12/17A	12/18E	12/19E
No. of shares net of treas. stock (year...)	Mio	8.64	9.10	9.10
Number of diluted shares (average)	Mio	7.87	8.92	9.20
Benchmark EPS	€	-0.97	-0.91	-0.73
Restated NAV per share	€			
Net dividend per share	€	0.00	0.00	0.00

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	€ 19.8	40%	■ Faes Farma
NAV/SOTP per share	€ 17.2	40%	● Hikma Pharmaceuti...
P/E	€ 0.72	5%	■ Ipsen
EV/Ebitda	€ 0.00	5%	● Stada Arzneimittel
P/Book	€ 0.72	5%	■ UCB
Dividend Yield	€ 0.00	5%	
TARGET PRICE	€ 14.9	100%	

NAV/SOTP Calculation

Balance Sheet

		12/17A	12/18E	12/19E
Goodwill	€M	0.00	0.00	0.00
Total intangible	€M	4.06	3.31	2.56
Tangible fixed assets	€M	6.52	8.32	7.67
Financial fixed assets	€M	0.10	0.10	0.10
WCR	€M	-3.11	-3.64	-4.36
Other assets	€M	2.33	2.57	2.81
Total assets (net of short term liab.)	€M	9.94	10.7	8.82
Ordinary shareholders' equity	€M	6.09	3.50	-2.98
Quasi Equity & Preferred	€M			
Minority interests	€M			
Provisions for pensions	€M	0.00	0.00	0.00
Other provisions for risks and liabilities	€M	0.09	0.09	0.09
Total provisions for risks and liabilities	€M	0.09	0.09	0.09
Tax liabilities	€M	0.00	0.00	0.00
Other liabilities	€M	6.26	9.36	9.36
Net debt (cash)	€M	-2.50	-2.26	2.34
Total liab. and shareholders' equity	€M	9.94	10.7	8.82

Capital Employed

		12/17A	12/18E	12/19E
Capital employed after depreciation	€M	7.57	8.09	5.97

Profits & Risks Ratios

		12/17A	12/18E	12/19E
ROE (after tax)	%	-123	-169	-2,551
ROCE	%	-79.8	-102	-114
Gearing (at book value)	%	-42.6	-67.9	
Adj. Net debt/EBITDA(R)	x	0.39	0.26	-0.35
Interest cover (x)	x	53.9	-39.4	-32.4

Valuation Ratios

		12/17A	12/18E	12/19E
Reference P/E (benchmark)	x	-5.45	-1.58	-1.97
Free cash flow yield	%	-20.9	-65.9	-35.1
P/Book	x	7.47	3.74	-4.40
Dividend yield	%	0.00	0.00	0.00

EV Calculation

		12/17A	12/18E	12/19E
Market cap	€M	45.5	13.1	13.1
+ Provisions	€M	0.09	0.09	0.09
+ Unrecognised actuarial losses/(gains)	€M	0.00	0.00	0.00
+ Net debt at year end	€M	-2.50	-2.26	2.34
+ Leases debt equivalent	€M	0.00	0.00	0.00
- Financial fixed assets (fair value)	€M			
+ Minority interests (fair value)	€M			
= EV	€M	43.0	10.9	15.5
EV/EBITDA(R)	x	-6.78	-1.24	-2.31
EV/Sales	x	10.4	2.74	3.88

Analyst : Fabrice Farigoule, Changes to Forecasts : 03/10/2018.