



Crossject

Supergenerics / France

A €3.9m capital increase before year-end

The market is within reach - 29/11/2018

Change in Target Price

€ 11.1 vs 14.9 **-25.6%**

Our target price is revised downward on the capital increase to come (December), which will lead to the issuance of c. 3.4m new shares.

Change in EPS

2018 : € -0.76 vs -0.91 **ns**
2019 : € -0.53 vs -0.73 **ns**

Our forecasts have not changed. The higher number of shares simply implies that short-term losses are divided by a bigger number, thus the (wrong) impression on an EPS basis that forecast losses have shrunk.

Change in NAV

€ 12.7 vs 17.2 **-26.1%**

Our NAV valuation is adjusted one the one hand by a decrease in net debt thanks to the capital increase and, on the other, by the increase in the number of shares, from c.9.3m to 12.7m.

Change in DCF

€ 14.8 vs 19.8 **-25.4%**

Our forecasts remain unchanged. The higher number of shares post the capital increase and the injection of €3.9m in the balance sheet lead to a lower target price, due to the significant dilution caused by the capital increase.

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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 : 733%

Target Price (6 months)	€ 11.1
Share Price	€ 1.33
Market Cap. €M	12.3
Price Momentum	UNFAVORABLE
Extremes 12Months	1.22 ▶ 4.80
Bloomberg	ALCJ FP Equity
Reuters	ALCJ.PA

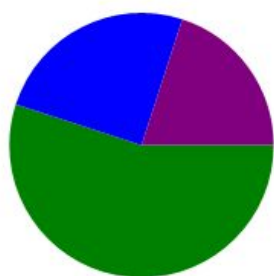
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PERF	1w	1m	3m	12m
Crossject	0.00%	2.15%	-59.7%	-70.1%
Pharma	0.82%	3.56%	-0.12%	5.05%
SXXR Index	0.70%	0.68%	-6.97%	-5.04%

Last updated: 29/11/2018	12/16A	12/17A	12/18E	12/19E
Adjusted P/E (x)	-7.64	-5.45	-1.74	-2.49
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-9.19	-6.78	-1.18	-2.23
Adjusted EPS (€)	-0.98	-0.97	-0.76	-0.53
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	-120	-158
Gearing (%)	-62.3	-42.6	-58.4	-387

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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	9.30	0.00
Total financial flows	€M	9.40	11.4	3.46
Change in cash position	€M	-0.25	3.05	-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	12.5	12.5
Number of diluted shares (average)	Mio	7.87	10.6	12.6
Benchmark EPS	€	-0.97	-0.76	-0.53
Restated NAV per share	€			
Net dividend per share	€	0.00	0.00	0.00

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	€ 14.8	40%	■ Faes Farma
NAV/SOTP per share	€ 12.7	40%	■ Hikma Pharmaceuti...
P/E	€ 0.66	5%	■ Ipsen
EV/Ebitda	€ 0.00	5%	■ Stada Arzneimittel
P/Book	€ 0.66	5%	■ UCB
Dividend Yield	€ 0.00	5%	
TARGET PRICE	€ 11.1	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	7.50	1.02
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	-6.26	-1.66
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	-120	-158
ROCE	%	-79.8	-102	-114
Gearing (at book value)	%	-42.6	-58.4	-387
Adj. Net debt/EBITDA(R)	x	0.39	0.71	0.25
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	-1.74	-2.49
Free cash flow yield	%	-20.9	-52.1	-27.7
P/Book	x	7.47	2.21	16.2
Dividend yield	%	0.00	0.00	0.00

EV Calculation

		12/17A	12/18E	12/19E
Market cap	€M	45.5	16.6	16.6
+ 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	-6.26	-1.66
+ 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	10.4	15.0
EV/EBITDA(R)	x	-6.78	-1.18	-2.23
EV/Sales	x	10.4	2.61	3.75

Analyst : Fabrice Farigoule, Changes to Forecasts : 29/11/2018.