

# Crossject

Pharma / France

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ALPHAVALUE  
CORPORATE SERVICES

## Patience will pay

<b>Buy</b>	Upside potential : 182%
Target Price (6 months)	24.6
Share Price	€ 8.7
Market Capitalisation €M	57.9
Price Momentum	<b>GOOD</b>
Extremes 12Months	3.52 ► 10.4
Bloomberg ticker	ALCJ FP



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KEY DATA	12/14A	12/15A	12/16E	12/17E	12/18E
Adjusted P/E (x)	-14.0	-8.17	-9.71	-23.9	26.7
Dividend yield (%)	0.00	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-12.7	-7.63	-10.1	ns	10.4
Adjusted EPS (€)	-0.68	-0.88	-0.90	-0.36	0.33
Growth in EPS (%)	n/a	n/a	n/a	n/a	n/a
Dividend (€)	0.00	0.00	0.00	0.00	0.00
Sales (€M)	1.74	2.37	2.37	13.8	49.9
EBITA margin (%)	ns	ns	ns	2.46	11.8
Attributable net profit (€M)	-4.44	-5.73	-5.80	-2.36	2.13
ROE (after tax) (%)	-30.6	-49.2	-98.5	-130	117
Gearing (%)		-91.3	-190	-766	15.7

### Last forecasts updated on the 25/02/2016

Benchmarks	Values (€)	Upside	Weight
DCF	31.6	263%	40%
NAV/SOTP per share	28.7	230%	40%
P/E	Peers 4.35	-50%	5%
EV/Ebitda	Peers 0.00	-100%	5%
P/Book	Peers 4.35	-50%	5%
Dividend Yield	Peers 0.00	-100%	5%
TARGET PRICE	24.6	182%	100%

## Conflicts of interest

Corporate broking	NO
Trading in corporate shares	NO
Analyst ownership	NO
Advising of corporate (strategy, marketing, debt, etc)	NO
Research paid for by corporate	YES
Provision of corporate access paid for by corporate	NO
Link between AlphaValue and a banking entity	NO
Brokerage activity at AlphaValue	NO
Client of AlphaValue Research	NO

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## Recent Updates

## ► Updates

### 25/02/2016 Initiating coverage of Crossject.

Initiation cov.

## Recommendation and upside

We initiate coverage of Crossject, a new entrant in the New Therapeutic Entities field. Its differentiating feature is its delivery mechanism, Zeneo, a pretty unique injection system. Crossject has completed clinical trials on a first well-known molecule, Methotrexate, with another six to go in the pipeline. The current market capitalisation stands at c. €50m based on a share price of €7.5, while we see a massive potential upside (over 220%), with a target price of €24.5, reflecting the company's huge growth prospects.

## Business and Trend

Today, Crossject has a portfolio of seven products under development: Methotrexate (anti-rheumatic), Sumatriptan (acute migraine), Epinephrin (treatment of anaphylactic shocks), Naloxone (opioid overdoses), Apomorphine (Parkinson disease) Midazolam (epilepsy) and L15 (name and indication confidential). The first sales are expected in FY17 (Methotrexate in H2, with clinical studies already done), while clinical studies are currently being carried out for Sumatriptan, which should get market approval and be commercially launched in H1 18 as well as for L15, while Midazolam should be filed in H2 17 for a market launch in FY18. Epinephrin should be on shelves in FY18 and Apomorphine a year later together with Naloxone.

Based on our estimates, Crossject should be able to generate total turnover of over €190m as soon as 2021, which should breakdown as follows:

Turnover per NTE (€m)	2016e	2017e	2018e	2019e	2020e	2021e
Naloxone units sold (m)				0,1	0,2	0,3
Turnover				3,8	7,6	11,3
Sumatriptan units sold (m)		0	0,25	0,5	0,7	1
Turnover		0,0	8,8	17,5	24,6	35,1
Midazolam units sold (m)			0,1	0,2	0,3	0,5
Turnover			3,8	7,6	11,3	18,9
Apomorphine units sold (m)				0,1	0,3	0,75
Turnover				3,1	9,2	23,0
Epinephrin units sold (m)			0,2	0,5	0,7	1
Turnover			10,6	26,4	37,0	52,9
Methotrexate units sold (m)		0,3	0,5	0,75	1	1,5
Turnover		13,8	22,9	34,4	45,9	44,9
L15 units sold (m)		0	0,1	0,15	0,18	0,2
Turnover		0,0	3,8	5,7	6,9	7,6
Total turnover (€m)	0,0	13,8	49,9	98,5	142,4	193,7

Source: Datamonitor, Crossject, AlphaValue estimates.

## Need to know

Zeneo, an automatic, single-use needle-free injection device was originally developed within Laboratoires Fournier in its « drug delivery » division, together with SNPE (Société Nationale des Poudres et Explosifs, which is a shareholder of Crossject). In 2001, the technology was sold to the newly-created Crossject. GSK was originally the main partner of Crossject, with a view to developing a solution for its vaccines. This market was ultimately

# Crossject (Buy)

Supergenerics / France

## ► Updates

considered as too risky in terms of investment needs, low margins and the high volumes required. Therefore, Crossject was restructured in 2011-13, with a change in the group's strategy: the goal of Crossject is no longer to sell a device to the Big Pharmas to market their own chemical entities, but to provide the market with its own pre-filled devices, on the basis of New Therapeutic Entities, using a known drug (generic) with an innovative delivery system. New industrial partnerships were also signed with Hirtenberger (for the pyrotechnical and mechanical sides) and Cenexi (aseptic filling and final packaging). Today, the Zeneo device is protected by over 400 patents covering 80% of the market (including the US, Europe and Japan) valid until 2035.

## Body of research

## ► Businesses & Trends

### Businesses & Trends

#### A new entrant on the supergeneric market

We regard Crossject as a new entrant in the supergeneric field. Its differentiating feature is its delivery mechanism, Zeneo, a pretty unique painless injection system. Crossject has completed clinical trials on a first well-known molecule, Methotrexate, with another six to go in the pipeline. Zeneo is the fruit of over 12 years of R&D. It is an automatic, single-use needle-free injection device with a pre-filled container, to be used on the arm, abdomen or thigh. The technology is based on a high pressure injection allowing a drug to be administered rapidly (1/10 sec) into the tissue. This is a major technological breakthrough in relation to traditional injection methods (syringe and needle) and to the best current auto-injectors (injector pens). This new medical device is user-friendly, reliable and safe and is the best self-injection device available on the market today. Zeneo guarantees a safe, controlled and effective injection to patients. It is also designed to perform intradermal, subcutaneous and intramuscular injections, the three most commonly used methods. All tests (over 10,000 on human skin) have shown that Zeneo is equivalent to any traditional injection method and the device has been tested on various molecules (size, structure, fragility...). This said, the device still needs to be approved « once it is combined with a drug », since it then represents a new therapeutic entity.

Crossject has initially chosen to address the supergeneric market or NTEs (New Therapeutic Entities), a concept that consists of using a known drug (generic) with an innovative delivery system, thus improving patient comfort. This strategy, particularly used by Teva (the world leader in generics) has proven successful since it typically results in an improved quality of drug administration as well as offering its promoters patent protection, independent from that of the initial molecule. This results in better patient compliance and in turn enhanced overall drug efficacy. Crossject's strategy is to develop its NTE proprietary portfolio and to use partnerships for the marketing.

#### The portfolio is already wide

Today, Crossject has a portfolio of seven products under development: Methotrexate (anti-rheumatic), Sumatriptan (acute migraine), Epinephrin (treatment of anaphylactic shocks), Naloxone (opioid overdoses), Apomorphine (Parkinson's disease), Midazolam (epilepsy) and L15 (name and indication confidential). The first sales are expected in FY17 (Methotrexate in H2, clinical studies being already done), while clinical studies are currently being carried out for Sumatriptan, which should get market approval and be commercially launched in H1 18 as well as for L15, while Midazolam should be filed in H2 17 for a market launch in FY18. Epinephrin should be on shelves in FY18 and Apomorphine a year later together with Naloxone.

The competition Crossject has to face depends on the NTEs currently under development one looks at: pens or nasal sprays already exist as far as Naloxone (« Evzio » pen and Narcan), Midazolam (Pfizer, Upsher-Smith) or Epinephrine (six pens on the market) are concerned, while injections are available for most of the diseases mentioned (as well as other routes, e.g. oral or inhalation). The key issue is that Zeneo offers a superior quality (in terms of ease-of-use, efficiency, control and safety) and thus aims at gaining market share over existing products, while its needle-free feature is a clear competitive advantage. A recent study quoted by EMA showed that only 16% of pen users performed the injection correctly in cases of severe anaphylactic shock (Adrenaline), which gives a feeling for the sound prospects of Zeneo.

#### A huge market backs sound growth prospects

It is not easy to determine the total size of the markets Crossject addresses: first, the company will develop other NTEs in the future. From c. 900 identified compounds that could be injected, Crossject estimates that 200 are compatible with the Zeneo device, 100 of which are free of rights. The company has thus identified 20 molecules which could be developed as first priorities. Secondly, each market should be looked at independently, since their size varies a lot. As an example, the group estimates the Triptan market to be worth more than US\$5bn, the Apomorphine or Methotrexate markets to be worth US\$1.4bn and US\$2.5bn, respectively, worldwide while the Midazolam or Naloxone markets are clearly smaller than US\$500m (around US\$300m). L15, as far as it is concerned, is a niche market of c. US\$50m. However, we can still derive from these numbers that the total addressable market today is worth some US\$10bn (for the seven NTEs under development) which gives Crossject ample room for growth. Moreover, the theoretical total market is much wider, since many NTEs are compatible with the Zeneo drug-delivering device, as stated earlier. Although this is not in management's plans today, we can only notice that the diabetes mellitus market (valued at more than US\$25bn yearly, growing at c.13% yearly) or the vaccine market (almost US\$15bn, with a CAGR of c.10%) would each more than double the total market targeted by Crossject, which gives a feeling for the potential « limitless » growth the company could enjoy. Based on our estimates, Crossject should be able to generate a total turnover of c. €200m as soon as 2021, which should

## Businesses & Trends

breakdown as follows:

Turnover per NTE (€m)	2016e	2017e	2018e	2019e	2020e	2021e
<b>Naloxone</b>						
units sold (m)				0,1	0,2	0,3
Turnover				3,8	7,6	11,3
<b>Sumatriptan</b>						
units sold (m)		0	0,25	0,5	0,7	1
Turnover		0,0	8,8	17,5	24,6	35,1
<b>Midazolam</b>						
units sold (m)			0,1	0,2	0,3	0,5
Turnover			3,8	7,6	11,3	18,9
<b>Apomorphine</b>						
units sold (m)				0,1	0,3	0,75
Turnover				3,1	9,2	23,0
<b>Epinephrin</b>						
units sold (m)			0,2	0,5	0,7	1
Turnover			10,6	26,4	37,0	52,9
<b>Methotrexate</b>						
units sold (m)		0,3	0,5	0,75	1	1,5
Turnover		13,8	22,9	34,4	45,9	44,9
<b>L15</b>						
units sold (m)		0	0,1	0,15	0,18	0,2
Turnover		0,0	3,8	5,7	6,9	7,6
<b>Total turnover (€m)</b>	<b>0,0</b>	<b>13,8</b>	<b>49,9</b>	<b>98,5</b>	<b>142,4</b>	<b>193,7</b>

Source: Datamonitor, Crossject, AlphaValue estimates.

## Divisional Breakdown Of Revenues

Sector	12/15A	12/16E	12/17E	12/18E	Change 16E/15		Change 17E/16E	
					€M	of % total	€M	of % total
<b>Methotrexate</b>	0.00	0.00	13.8	22.9	0	NA	14	121%
<b>Epinephrin</b>			0.00	10.6			0	0%
<b>Sumatriptan</b>			0.00	8.77			0	0%
<b>Midazolam</b>			0.00	3.78			0	0%
<b>L15</b>			0.00	3.81			0	0%
<b>Naloxone</b>			0.00	0.00			0	0%
<b>Apomorphine</b>			0.00	0.00			0	0%
Other	2.37	2.37	0.00	0.00	0	NA	-2	-21%
<b>Total sales</b>	<b>2.37</b>	<b>2.37</b>	<b>13.8</b>	<b>49.9</b>	<b>0</b>	<b>NA</b>	<b>11</b>	<b>100%</b>

## Key Exposures

	Revenues	Costs	Equity
Dollar	55.0%	35.0%	0.0%
Emerging currencies	20.0%	10.0%	0.0%
Long-term global warming	0.0%	0.0%	0.0%

## Sales By Geography

Europe	25.0%
Of which France	10.0%
Americas	55.0%
Asia	20.0%
Of which China	15.0%

We address exposures (eg. how much of the turnover is exposed to the \$) rather than sensitivities (say, how much a 5% move in the \$ affects the bottom line). This is to make comparisons easier and provides useful tools when extracting relevant data.

Actually, the subject is rather complex on the ground. The default position is one of an investor managing in €. An investor in £ will obviously not react to a £ based stock trading partly in € as would a € based investor. In addition, certain circumstances can prove difficult to unravel such as for eg. a € based investor confronted to a Swiss company reporting in \$ but with a quote in CHF... Sales exposure is probably straightforward but one has to be careful with deep cyclicals. Costs exposure is a bit less easy to determine (we do not allow for hedges as they can only be postponing the day of reckoning). How much of the equity is exposed to a given subject is rarely straightforward but can be quite telling. In addition, subjects are frequently intertwined. A \$ exposure may encompass all revenues in \$ pegged currencies and an emerging currency exposure is likely to include \$ pegged currencies as well.

Exposure to global warming issues is frequently indirect and may require to stretch a bit imagination.



## ► Money Making

### Money Making

#### Rather conservative assumptions

Our assumptions are based on the launches of the seven current NTEs the group is developing, only one of which (Methotrexate) has already successfully completed clinical studies. For the remaining six specialities, clinical studies will be carried out in FY16-17 (with the exception of Apomorphine in FY18). Thereafter, regulatory approvals can be obtained with commercial launches expected in FY17 (Methotrexate), FY18 (L15, Midazolam, Sumatriptan and Adrenaline) or FY19 (Apomorphine and Naloxone). We have based our estimates on the following assumptions: first, products will be sold through partnership agreements (except for L15, to be sold directly). This means Crossject will benefit from upfront fees and royalties, the former financing part of the clinical studies. Altogether, this boils down to sharing (on a 50/50 basis) the margin between Crossject and its partner, the margin being defined as revenues less COGS, distribution and marketing costs. We have also considered a risk factor: 50% for all NTEs, except for Methotrexate (70%), where clinical studies were completed and partners found in France, India and China, and Adrenaline (70%) for which a partnership agreement is already in place. This seems to be reasonable and quite conservative, given the fact that the registration/filing process is much lighter and, in all odds, much quicker than for a new compound (which typically takes 10 years from early development stages to the market). In the case of NTEs, the time needed is closer to 3-5 years, depending on which product/geography is involved and should never exceed five years in our view. The efficacy of molecules has already been proven (as is the lack of toxicity). The application for NTEs should only require bioequivalence studies (and not the full scope of clinical surveys), reducing costs (€3-4m vs €200m for a new chemical entity, i.e. a new drug) and, just as important, the time needed before products reach the market. In brief, the filing (FDA and EMA) will then only focus on the product's reliability (technical file) and the bioequivalence results.

#### Our forecasts are even more cautious

As a result, our estimates are based on the group's assumptions in terms of number of units sold (i.e. Zeneo devices) and their ramp-up from commercial launch to maturity, for each sub-market (i.e. each NTE), with a probability that is the risk factor assessing both potential issues in the approval process and the risk not being able to find a suitable partner. Although it is not easy to determine so early on the market share Crossject could gain in each sub-market, the group has reasonable targets (10-20% except for L15 where it claims to be able to control 30% of this small market). To be on the conservative side, we have also considered that these market share targets will not be reached before 2025, that is (at least) six years after market launch depending on the NTE. As an example, we have assumed Adrenaline to be launched in 2018, in line with management's expectations, with a 70% probability since a partnership is already in place with a big pharma, and that Crossject will sell two million doses a year by 2023 (with a target at maturity of 3m) for a price of €40 in Europe and US\$120 in the US. This results in a theoretical €151m turnover by 2023 (even if, from an accounting standpoint, Crossject will get royalties and the turnover will be booked on its partner's books). Altogether, our forecasts lead to the following cash flows for Crossject until 2021:

# Crossject (Buy)

Supergenerics / France

## ► Money Making

NTE (€m)	Key phases	2016e	2017e	2018e	2019e	2020e	2021e	
Naloxone	Clinical trials		-3,0					
	Partner upfront							
	Marginal capex						-0,2	
	Royalties or 50%-70% of revenues	0,0	0,0	0,0	3,8	7,6	11,3	
	Operating expenses		0,0	0,0	-3,3	-6,3	-9,5	
	Cash-flow to the firm	0,0	-3,0	0,0	0,5	1,2	1,7	
Sumatriptan	Clinical trials		-3,0					
	Partner upfront							
	Marginal capex						-0,6	
	Royalties or 50%-70% of revenues	0,0	0,0	8,8	17,5	24,6	35,1	
	Operating expenses		0,0	-8,2	-15,1	-20,5	-29,3	
	Cash-flow to the firm	-3,0	0,0	0,6	2,4	4,0	5,2	
Midazolam	Clinical trials		-3,0					
	Partner upfront							
	Marginal capex						-0,3	
	Royalties or 50%-70% of revenues	0,0	0,0	3,8	7,6	11,3	18,9	
	Operating expenses		0,0	-3,5	-6,5	-9,5	-15,8	
	Cash-flow to the firm	0,0	-3,0	0,3	1,0	1,9	2,8	
Apomorphine	Clinical trials			-3,0				
	Partner upfront							
	Marginal capex						-0,4	
	Royalties or 50%-70% of revenues	0,0	0,0	0,0	3,1	9,2	23,0	
	Operating expenses		0,0	0,0	-2,6	-7,7	-19,2	
	Cash-flow to the firm	0,0	0,0	-3,0	0,4	1,5	3,4	
Epinephrin	Clinical trials		-3,0					
	Partner upfront		9,0					
	Marginal capex						-0,6	
	Royalties or 50%-70% of revenues	0,0	0,0	10,6	26,4	37,0	52,9	
	Operating expenses		0,0	-9,8	-22,8	-30,9	-44,2	
	Cash-flow to the firm	6,0	0,0	0,7	3,7	6,1	8,1	
Methotrexate	Clinical trials	completed						
	Partner upfront							
	Marginal capex						-0,9	
	Royalties or 50%-70% of revenues	0,0	13,8	22,9	34,4	45,9	44,9	
	Operating expenses		-15,8	-21,3	-29,6	-38,4	-37,5	
	Cash-flow to the firm	0,0	-2,1	1,6	4,8	7,5	6,5	
L15	Clinical trials		-3,0					
	Partner upfront							
	Marginal capex						0,0	
	Royalties or 50%-70% of revenues	0,0	0,0	3,8	5,7	6,9	7,6	
	Operating expenses		0,0	-3,5	-4,9	-5,7	-6,4	
	Cash-flow to the firm	-3,0	0,0	0,3	0,8	1,1	1,3	
Total cash-flow to the firm (before WCR var.)		0	-8,1	0,5	13,7	23,4	29,0	

source: Crossject, AlphaValue estimates.

## Divisional EBITA

	12/15A	12/16E	12/17E	12/18E	Change 16E/15		Change 17E/16E	
					€M	of % total	€M	of % total
Royalty income								
Product sales	-5.51	-5.00	0.34	5.88	1	100%	5	100%
Other/cancellations								
Total	-5.51	-5.00	0.34	5.88	1	100%	5	100%

## Divisional EBITA margin

	12/15A	12/16E	12/17E	12/18E
Total	-232%	-211%	2.46%	11.8%

► Debt

## Debt

At year-end 2015, the group had a net cash position of c. €5m. The bulk of the capex has been spent (i.e. the industrial investment needed for the production of c.1.5m Zeneo devices). This has implied €3.8m capex in 2014-15. Looking into 2016 onwards, we have considered a recurring capex (€1m) to which is added an « expansion » capex of €3m for each additional 3m units sold. Another important issue before first sales are booked is the amount needed to finance the clinical studies. According to management, each study costs c. €3m and there are three of them planned in 2016 (Sumatriptan, Adrenaline, L15), two in 2017 (Midazolam and Naloxone) and one in 2018 (Apomorphine). This comes on top of the « normal » cash-burn of the company before its products are on shelves. However, Crossject will also benefit from upfront fees once partnership agreements are signed, on top of the benefit for tax credits and the « PIAVE » financing still to come (for a total of €6.8m, with the bulk of it in 2016 and 2017). It is also worth noting that the partner for Adrenaline still has to pay €9m (as an upfront fee) when or before regulatory approvals are obtained in Europe and the US, which provides another means to finance the clinical studies to come. At the end of the day, our view is that the group is self-financing provided it is able to sign partnerships in the short term. Otherwise, Crossject may have to resort to the financial markets or find another financial solution to raise cash (for instance by « selling » future royalties to a financial partner). In our forecasts, we have only considered that in FY16 the group will get the €9m upfront-fee relating to the Adrenaline partnership.

## Funding - Liquidity

		12/15A	12/16E	12/17E	12/18E
EBITDA	€M	-5.51	-5.00	0.34	5.88
Funds from operations (FFO)	€M	-4.21	-4.30	0.04	4.53
<b>Ordinary shareholders' equity</b>	<b>€M</b>	<b>8.80</b>	<b>2.99</b>	<b>0.63</b>	<b>3.00</b>
Gross debt	€M	0.00	0.00	10.0	15.0
o/w Less than 1 year - Gross debt	€M			10.0	15.0
+ Gross Cash	€M	5.14	6.24	13.4	10.6
<b>= Net debt / (cash)</b>	<b>€M</b>	<b>-5.14</b>	<b>-6.24</b>	<b>-3.44</b>	<b>4.38</b>
Other financing	€M	0.00	0.00	10.0	15.0
Gearing (at book value)	%	-91.3	-190	-766	15.7
Adj. Net debt/EBITDA(R)	x	0.93	1.25	-10.1	0.75
Adjusted Gross Debt/EBITDA(R)	x	-0.06	-0.07	30.5	2.61
Adj. gross debt/(Adj. gross debt+Equity)	%	3.75	10.3	94.2	83.6
Ebit cover	x	24.0	-21.7	-6.87	11.6
FFO/Gross Debt	%	-1,229	-1,253	0.38	29.5
FFO/Net debt	%	82.0	68.8	-1.13	103
FCF/Adj. gross debt (%)	%	-1,874	-3,171	-57.1	-51.0
(Gross cash+ "cash" FCF+undrawn)/ST debt	x			0.75	0.19
"Cash" FCF/ST debt	x			-0.59	-0.52

## ► Valuation

### Valuation

All peer-based valuations have no meaning since Crossject currently has no revenues and negative results. Our NAV valuation is based on a 4x multiple of 2018-20 revenues for all segments, which compares to a ratio of 4.15x for our sample. On the one hand, these revenues will not be booked for three years, which should lead us to a discount, however, they only correspond to the ramp-up in sales, meaning that growth rates will be high after 2018 and that these figures are very conservative ones, which explains why we chose not to discount them. The multiple used is rather common for biotech and pharma companies, particularly for those that have a significant R&D pipeline and, thus, high growth prospects.

Our DCF is based on our forecasts for each of the seven NTEs currently under development, considering that all of them will be sold through partnerships (i.e. with a 50/50 split of results between Crossject and its partners). We have also factored in a risk associated with the development of each speciality (50% or 70% as discussed in the Money Making section, depending on the status of clinical trials and the need to find a partner). We have also used a long-term top-line growth of 25% and an out-year EBITDA growth of 25% to reach a margin of c.17.5% in 2026 (Crossject's share, or 35% overall including the share of its partners). Our discount-rate is 13.5% (the cost of capital), calculated by using a beta of 2 to take into account the risk associated with the sector and the nature of Crossject's business, still in a developing phase.

It is worth noting that our target price is derived from a weighted average of all methods used, NAV and DCF both showing huge potential upsides (which together account for 55% of our total valuation), while all comparison-based methods lead to zero in the absence of results for the time being. In other words, the valuation of the stock is penalised and should go up quickly when the first products reach the market and enable Crossject to post profits. This also suggests it will take some time for the market to reflect the group's potential fully and explains our title. Patience will indeed be needed but the reward could be huge.

### Valuation Summary

Benchmarks		Values (€)	Upside	Weight
DCF		31.6	263%	40%
NAV/SOTP per share		28.7	230%	40%
P/E	Peers	4.35	-50%	5%
EV/Ebitda	Peers	0.00	-100%	5%
P/Book	Peers	4.35	-50%	5%
Dividend Yield	Peers	0.00	-100%	5%
<b>Target Price</b>		<b>24.6</b>	<b>182%</b>	

### Comparison based valuation

Computed on 18 month forecasts	P/E (x)	Ev/Ebitda (x)	P/Book (x)	Yield(%)
Peers ratios	21.5	12.4	2.98	1.38
Crossject's ratios	-11.6	-14.5	21.2	0.00
Premium	0.00%	0.00%	0.00%	0.00%
<b>Default comparison based valuation (€)</b>	<b>4.35</b>	<b>0.00</b>	<b>4.35</b>	<b>0.00</b>
UCB	26.0	13.5	2.25	1.30
Actelion	24.4	17.2	8.43	1.16
Hikma Pharmaceuticals	16.5	10.0	1.92	1.36
Ipsen	20.4	10.4	3.09	1.63
Stada Arzneimittel	10.9	7.46	2.00	2.38
Faes Farma	18.3	11.5	2.33	2.98

## DCF

### DCF Valuation Per Share

WACC	%	13.5	Avg net debt (cash) at book value	€M	-4.84
PV of cashflow FY1-FY11	€M	44.2	Provisions	€M	0.34
FY11CF	€M	64.4	Unrecognised actuarial losses (gains)	€M	0.00
Normalised long-term growth "g"	%	2.00	Financial assets at market price	€M	0.00
Terminal value	€M	560	Minorities interests (fair value)	€M	0.00
PV terminal value	€M	158	Equity value	€M	206
<i>PV terminal value in % of total value</i>	%	78.1	Number of shares	Mio	6.53
Total PV	€M	202	Implied equity value per share	€	31.6

### Assessing The Cost Of Capital

Synthetic default risk free rate	%	3.50	Company debt spread	bp	200
Target equity risk premium	%	5.00	Marginal Company cost of debt	%	5.50
Tax advantage of debt finance (normalised)	%	30.0	<b>Company beta (leveraged)</b>	x	<b>1.84</b>
Average debt maturity	Year	5	Company gearing at market value	%	-11.1
Sector asset beta	x	2.00	Company market gearing	%	-12.5
Debt beta	x	0.40	<b>Required return on geared equity</b>	%	<b>12.7</b>
Market capitalisation	€M	56.4	Cost of debt	%	3.85
Net debt (cash) at book value	€M	-6.24	<b>Cost of ungeared equity</b>	%	<b>13.5</b>
Net debt (cash) at market value	€M	-6.24	WACC	%	13.5

### DCF Calculation

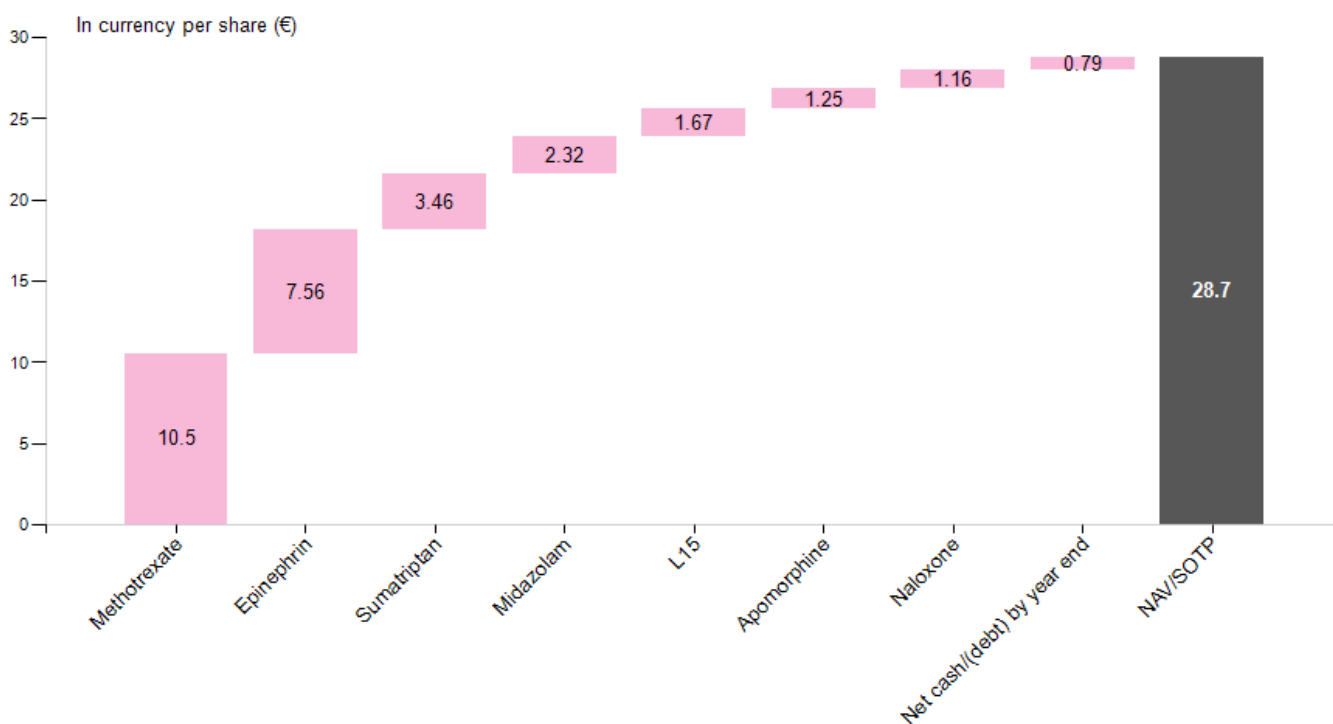
		12/15A	12/16E	12/17E	12/18E	12/19E	12/20E	12/21E	Growth
Sales	€M	2.37	2.37	13.8	49.9	98.5	142	194	25.0%
EBITDA	€M	-5.51	-5.00	0.34	5.88	16.1	25.8	34.4	25.0%
<i>EBITDA Margin</i>	%	-232	-211	2.46	11.8	16.3	18.1	17.8	
Change in WCR	€M	-0.41	0.92	-4.95	-11.3	-17.2	-15.9	-16.6	10.0%
Total operating cash flows (pre tax)	€M	-5.96	-4.07	-4.61	-5.42	-1.14	9.90	17.8	
Corporate tax	€M	1.05	1.00	0.00	-1.05	-4.42	-7.61	-10.5	1.65%
<b>Net tax shield</b>	<b>€M</b>	<b>0.09</b>	<b>-0.09</b>	<b>-0.09</b>	<b>-0.09</b>	<b>-0.09</b>	<b>-0.09</b>	<b>-0.09</b>	<b>1.00%</b>
Capital expenditure	€M	-1.81	-7.50	-1.00	-1.05	-1.10	-2.16	-2.27	10.0%
<i>Capex/Sales</i>	%	-76.2	-317	-7.26	-2.10	-1.12	-1.51	-1.17	
Pre financing costs FCF (for DCF purposes)	€M	-6.63	-10.7	-5.70	-7.61	-6.75	0.04	4.96	
Various add backs (incl. R&D, etc.) for DCF purposes	€M								
<b>Free cash flow adjusted</b>	<b>€M</b>	<b>-6.63</b>	<b>-10.7</b>	<b>-5.70</b>	<b>-7.61</b>	<b>-6.75</b>	<b>0.04</b>	<b>4.96</b>	
<b>Discounted free cash flows</b>	<b>€M</b>	<b>-6.63</b>	<b>-10.7</b>	<b>-5.02</b>	<b>-5.91</b>	<b>-4.61</b>	<b>0.02</b>	<b>2.63</b>	
Invested capital	€	3.42	8.49	12.0	22.2	38.4	54.3	71.0	



► NAV/SOTP (edit)

## NAV/SOTP Calculation

	% owned	Valuation technique	Multiple used	Valuation at 100% (€M)	Stake valuation (€M)	In currency per share (€)	% of gross assets
Methotrexate	100%	EV/Sales	4	68.8	68.8	10.5	37.7%
Epinephrin	100%	EV/Sales	4	49.4	49.4	7.56	27.0%
Sumatriptan	100%	EV/Sales	4	22.6	22.6	3.46	12.4%
Midazolam	100%	EV/Sales	4	15.1	15.1	2.32	8.28%
L15	100%	EV/Sales	4	10.9	10.9	1.67	5.98%
Apomorphine	100%	EV/Sales	4	8.16	8.16	1.25	4.47%
Naloxone	100%	EV/Sales	4	7.56	7.56	1.16	4.14%
Other							
<b>Total gross assets</b>					<b>183</b>	<b>28.0</b>	<b>100%</b>
Net cash/(debt) by year end					5.14	0.79	2.81%
Commitments to pay							
Commitments received							
NAV/SOTP					188	28.7	103%
<b>Number of shares net of treasury shares - year end (Mio)</b>					<b>6.53</b>		
<b>NAV/SOTP per share (€)</b>						<b>28.7</b>	
<b>Current discount to NAV/SOTP (%)</b>						<b>69.7</b>	



## ► Worth Knowing

### Worth Knowing

Zeneo, an automatic, single-use needle-free injection device was originally developed within Laboratoires Fournier in its « drug delivery » division, together with SNPE (Société Nationale des Poudres et Explosifs, which is a shareholder of Crossject). In 2001, the technology was sold to the newly-created Crossject. GSK was originally the main partner of Crossject, with a view to developing a solution for its vaccines. This market was ultimately considered as too risky in terms of investment needs, low margins and the high volumes required and so Crossject was restructured in 2011-13, with a change in the group's strategy: the goal of Crossject is no longer to sell a device to the Big Pharmas to market their own chemical entities, but to provide the market with its own pre-filled devices, on the basis of New Therapeutic Entities, using a known drug (generic) with an innovative delivery system. New industrial partnerships have also been signed with Hirtenberger (for the pyrotechnical and mechanical sides) and Cenexi (aseptic filling and final packaging). Today, the Zeneo device is protected by over 400 patents covering 80% of the market (including the US, Europe and Japan) valid until 2035.

### Shareholders

Name	% owned	Of which % voting rights	Of which % free to float
Gemmes Ventures	21.9%	21.9%	0.00%
Other	6.79%	6.79%	0.00%
A Plus Finance	6.38%	6.38%	0.00%
IDEB	5.26%	5.26%	0.00%
SNPE	4.77%	4.77%	0.00%
Treasury Shares	2.68%	2.68%	0.00%
Management & Employees	1.64%	1.64%	0.00%
<b>Apparent free float</b>			<b>50.6%</b>

## Financials

### Valuation Key Data

		12/15A	12/16E	12/17E	12/18E
<b>Adjusted P/E</b>	<b>x</b>	<b>-8.17</b>	<b>-9.71</b>	<b>-23.9</b>	<b>26.7</b>
Reported P/E	x	-8.17	-9.71	-23.9	26.5
<b>EV/EBITDA(R)</b>	<b>x</b>	<b>-7.63</b>	<b>-10.1</b>	<b>ns</b>	<b>10.4</b>
<b>P/Book</b>	<b>x</b>	<b>5.32</b>	<b>18.8</b>	<b>89.3</b>	<b>18.8</b>
<b>Dividend yield</b>	<b>%</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Free cash flow yield	%	-13.7	-19.3	-10.5	-13.9
Average stock price	€	7.22	8.70	8.70	8.70

### Consolidated P&L

		12/15A	12/16E	12/17E	12/18E
<b>Sales</b>	<b>€M</b>	<b>2.37</b>	<b>2.37</b>	<b>13.8</b>	<b>49.9</b>
Sales growth	%	35.8	0.00	481	262
Sales per employee	€th	108	94.8	344	1,188
Purchases and external costs (incl. IT)	€M	5.33	5.43	10.3	28.1
<b>R&amp;D costs as % of sales</b>	<b>%</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Staff costs	€M	-2.18	-2.53	-4.13	-4.42
Operating lease payments	€M				
Cost of sales/COGS (indicative)	€M	5.33	5.43	7.58	13.2
<b>EBITDA</b>	<b>€M</b>	<b>-5.51</b>	<b>-5.00</b>	<b>0.34</b>	<b>5.88</b>
EBITDA(R)	€M	-5.51	-5.00	0.34	5.88
EBITDA(R) margin	%	-232	-211	2.46	11.8
EBITDA(R) per employee	€th	-250	-200	8.47	140
Depreciation	€M	-1.51	-1.51	-2.40	-2.40
Depreciations/Sales	%	63.6	63.6	17.4	4.81
Amortisation	€M				
Additions to provisions	€M	0.00	0.00	0.00	0.00
<b>Underlying operating profit</b>	<b>€M</b>	<b>-7.01</b>	<b>-6.50</b>	<b>-2.06</b>	<b>3.48</b>
Underlying operating margin	%	-296	-275	-15.0	6.98
Other income/expense (cash)	€M	-0.05	0.00	0.00	0.00
Other inc./ exp. (non cash; incl. assets revaluation)	€M				
Earnings from joint venture(s)	€M				
Impairment charges/goodwill amortisation	€M				
<b>Operating profit (EBIT)</b>	<b>€M</b>	<b>-7.06</b>	<b>-6.50</b>	<b>-2.06</b>	<b>3.48</b>
Interest expenses	€M	0.00	-0.30	-0.30	-0.30
of which effectively paid cash interest expenses	€M	0.29			
Financial income	€M	0.29	0.00	0.00	0.00
Other financial income (expense)	€M				
<b>Net financial expenses</b>	<b>€M</b>	<b>0.29</b>	<b>-0.30</b>	<b>-0.30</b>	<b>-0.30</b>
of which related to pensions	€M		0.00	0.00	0.00
<b>Pre-tax profit before exceptional items</b>	<b>€M</b>	<b>-6.77</b>	<b>-6.80</b>	<b>-2.36</b>	<b>3.18</b>
Exceptional items and other (before taxes)	€M	-0.01	0.00	0.00	0.00
of which cash (cost) from exceptionals	€M				
Current tax	€M	1.05	1.00	0.00	-1.05
Impact of tax loss carry forward	€M				
Deferred tax	€M				
<b>Corporate tax</b>	<b>€M</b>	<b>1.05</b>	<b>1.00</b>	<b>0.00</b>	<b>-1.05</b>
Tax rate	%	15.4	14.7	0.00	33.0
Net margin	%	-241	-245	-17.2	4.27
Equity associates	€M				
Actual dividends received from equity holdings	€M				
Minority interests	€M				
Actual dividends paid out to minorities	€M				
Income from discontinued operations	€M				
<b>Attributable net profit</b>	<b>€M</b>	<b>-5.73</b>	<b>-5.80</b>	<b>-2.36</b>	<b>2.13</b>
Impairment charges/goodwill amortisation	€M	0.00	0.00	0.00	0.00
Other adjustments	€M				
<b>Adjusted attributable net profit</b>	<b>€M</b>	<b>-5.73</b>	<b>-5.80</b>	<b>-2.36</b>	<b>2.13</b>



## ► Financials

Interest expense savings	€M				
Fully diluted adjusted attr. net profit	€M	-5.73	-5.80	-2.36	2.13
NOPAT	€M	-4.91	-4.55	-1.44	2.44

### Cashflow Statement

		12/15A	12/16E	12/17E	12/18E
EBITDA	€M	-5.51	-5.00	0.34	5.88
Change in WCR	€M	-0.41	0.92	-4.95	-11.3
<i>of which (increases)/decr. in receivables</i>	€M	0.00	0.00	-3.39	-8.91
<i>of which (increases)/decr. in inventories</i>	€M	-0.76	0.76	-3.39	-8.91
<i>of which increases/(decr.) in payables</i>	€M	0.40	0.09	1.77	6.43
<i>of which increases/(decr.) in other curr. liab.</i>	€M	-0.05	0.07	0.07	0.08
Actual dividends received from equity holdings	€M	0.00	0.00	0.00	0.00
Paid taxes	€M	1.00	1.00	0.00	-1.05
Exceptional items	€M	0.00	0.00	0.00	0.00
Other operating cash flows	€M	0.00	0.00	0.00	0.00
<b>Total operating cash flows</b>	€M	<b>-4.91</b>	<b>-3.07</b>	<b>-4.61</b>	<b>-6.47</b>
Capital expenditure	€M	-1.81	-7.50	-1.00	-1.05
<i>Capex as a % of depreciation &amp; amort.</i>	%	120	498	41.7	43.8
Net investments in shares	€M	0.00	0.00	0.00	0.00
Other investment flows	€M	0.00	0.00	0.00	0.00
<b>Total investment flows</b>	€M	<b>-1.81</b>	<b>-7.50</b>	<b>-1.00</b>	<b>-1.05</b>
Net interest expense	€M	0.29	-0.30	-0.30	-0.30
<i>of which cash interest expense</i>	€M	0.29	-0.30	-0.30	-0.30
<b>Dividends (parent company)</b>	€M				
Dividends to minorities interests	€M	0.00	0.00	0.00	0.00
<b>New shareholders' equity</b>	€M	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<i>of which (acquisition) release of treasury shares</i>	€M				
(Increase)/decrease in net debt position	€M	0.83	0.00	10.0	5.00
Other financial flows	€M		12.0	3.10	0.00
<b>Total financial flows</b>	€M	<b>1.12</b>	<b>11.7</b>	<b>12.8</b>	<b>4.70</b>
Change in cash position	€M	-5.60	1.11	7.19	-2.82
Change in net debt position	€M	-6.43	1.11	-2.81	-7.82
Free cash flow (pre div.)	€M	-6.43	-10.9	-5.91	-7.82
Operating cash flow (clean)	€M	-4.91	-3.07	-4.61	-6.47
<i>Reinvestment rate (capex/tangible fixed assets)</i>	%	104	433	70.9	103

## Financials

### Balance Sheet

		12/15A	12/16E	12/17E	12/18E
Capitalised R&D	€M	2.32	8.32	7.24	6.52
Goodwill	€M	0.00	0.00	0.00	0.00
Contracts & Rights (incl. concession) intangible assets	€M	0.00	0.00	0.00	0.00
Other intangible assets	€M	0.01	0.01	0.01	0.01
<b>Total intangible</b>	<b>€M</b>	<b>2.33</b>	<b>8.33</b>	<b>7.25</b>	<b>6.53</b>
<b>Tangible fixed assets</b>	<b>€M</b>	<b>1.74</b>	<b>1.73</b>	<b>1.41</b>	<b>1.02</b>
Financial fixed assets (part of group strategy)	€M	1.85	1.85	1.85	1.85
Financial hedges (LT derivatives)	€M	0.00	0.00	0.00	0.00
Other financial assets (investment purpose mainly)	€M	0.01	0.01	0.01	0.01
<i>of which available for sale</i>	€M	0.00	0.00	0.00	0.00
<b>WCR</b>	<b>€M</b>	<b>-2.50</b>	<b>-3.42</b>	<b>1.52</b>	<b>12.8</b>
<i>of which trade &amp; receivables (+)</i>	€M	0.00	0.00	3.39	12.3
<i>of which inventories (+)</i>	€M	0.76	0.00	3.39	12.3
<i>of which payables (+)</i>	€M	1.87	1.96	3.73	10.2
<i>of which other current liabilities (+)</i>	€M	1.39	1.46	1.53	1.61
Other current assets	€M	2.04	2.04	2.04	2.04
<i>of which tax assets (+)</i>	€M	1.47	1.47	1.47	1.47
<b>Total assets (net of short term liabilities)</b>	<b>€M</b>	<b>5.48</b>	<b>10.5</b>	<b>14.1</b>	<b>24.3</b>
<b>Ordinary shareholders' equity (group share)</b>	<b>€M</b>	<b>8.80</b>	<b>2.99</b>	<b>0.63</b>	<b>3.00</b>
Minority interests	€M				
<b>Provisions for pensions</b>	<b>€M</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Other provisions for risks and liabilities	€M	0.34	0.34	0.34	0.34
Deferred tax liabilities	€M	0.00	0.00	0.00	0.00
Other liabilities	€M	1.48	13.5	16.6	16.6
<b>Net debt / (cash)</b>	<b>€M</b>	<b>-5.14</b>	<b>-6.24</b>	<b>-3.44</b>	<b>4.38</b>
<b>Total liabilities and shareholders' equity</b>	<b>€M</b>	<b>5.48</b>	<b>10.5</b>	<b>14.1</b>	<b>24.3</b>
<b>Average net debt / (cash)</b>	<b>€M</b>	<b>-8.03</b>	<b>-5.69</b>	<b>-4.84</b>	<b>0.47</b>

### EV Calculations

		12/15A	12/16E	12/17E	12/18E
<b>EV/EBITDA(R)</b>	<b>x</b>	<b>-7.63</b>	<b>-10.1</b>	<b>ns</b>	<b>10.4</b>
<b>EV/EBIT (underlying profit)</b>	<b>x</b>	<b>-5.99</b>	<b>-7.76</b>	<b>-25.9</b>	<b>17.6</b>
<b>EV/Sales</b>	<b>x</b>	<b>17.7</b>	<b>21.3</b>	<b>3.87</b>	<b>1.22</b>
EV/Invested capital	x	12.3	5.95	4.43	2.75
Market cap	€M	46.8	56.4	56.4	56.4
+ Provisions (including pensions)	€M	0.34	0.34	0.34	0.34
+ Unrecognised actuarial losses/(gains)	€M	0.00	0.00	0.00	0.00
+ Net debt at year end	€M	-5.14	-6.24	-3.44	4.38
+ Leases debt equivalent	€M	0.00	0.00	0.00	0.00
- Financial fixed assets (fair value) & Others	€M				
+ Minority interests (fair value)	€M				
<b>= Enterprise Value</b>	<b>€M</b>	<b>42.0</b>	<b>50.5</b>	<b>53.3</b>	<b>61.1</b>

## Financials

### Per Share Data

		12/15A	12/16E	12/17E	12/18E
<b>Adjusted EPS (bfr goodwill amort. &amp; dil.)</b>	€	<b>-0.88</b>	<b>-0.90</b>	<b>-0.36</b>	<b>0.33</b>
<i>Growth in EPS</i>	%	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>
Reported EPS	€	-0.88	-0.90	-0.36	0.33
<b>Net dividend per share</b>	€	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Free cash flow per share	€	-0.99	-1.68	-0.91	-1.20
Operating cash flow per share	€	-0.76	-0.47	-0.71	-1.00
Book value per share	€	1.36	0.46	0.10	0.46

<b>Number of ordinary shares</b>	Mio	<b>6.65</b>	<b>6.65</b>	<b>6.65</b>	<b>6.65</b>
Number of equivalent ordinary shares (year end)	Mio	6.65	6.65	6.65	6.65
Number of shares market cap.	Mio	6.65	6.65	6.65	6.65
Treasury stock (year end)	Mio	0.17	0.17	0.17	0.17
Number of shares net of treasury stock (year end)	Mio	6.48	6.48	6.48	6.48
<b>Number of common shares (average)</b>	Mio	<b>6.48</b>	<b>6.48</b>	<b>6.48</b>	<b>6.48</b>
Conversion of debt instruments into equity	Mio				0.10
Settlement of cashable stock options	Mio				
Probable settlement of non mature stock options	Mio				
Other commitments to issue new shares	Mio				
Increase in shares outstanding (average)	Mio	0.00	0.00	0.00	0.05
<b>Number of diluted shares (average)</b>	Mio	<b>6.48</b>	<b>6.48</b>	<b>6.48</b>	<b>6.53</b>
Goodwill per share (diluted)	€	0.00	0.00	0.00	0.00
EPS after goodwill amortisation (diluted)	€	-0.88	-0.90	-0.36	0.33
EPS before goodwill amortisation (non-diluted)	€	-0.88	-0.90	-0.36	0.33
Actual payment	€				
<b>Payout ratio</b>	%	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Capital payout ratio (div +share buy back/net income)</b>	%	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

### Funding - Liquidity

		12/15A	12/16E	12/17E	12/18E
EBITDA	€M	-5.51	-5.00	0.34	5.88
Funds from operations (FFO)	€M	-4.21	-4.30	0.04	4.53
<b>Ordinary shareholders' equity</b>	<b>€M</b>	<b>8.80</b>	<b>2.99</b>	<b>0.63</b>	<b>3.00</b>
Gross debt	€M	0.00	0.00	10.0	15.0
o/w Less than 1 year - Gross debt	€M			10.0	15.0
+ Gross Cash	€M	5.14	6.24	13.4	10.6
<b>= Net debt / (cash)</b>	<b>€M</b>	<b>-5.14</b>	<b>-6.24</b>	<b>-3.44</b>	<b>4.38</b>
Other financing	€M	0.00	0.00	10.0	15.0
Gearing (at book value)	%	-91.3	-190	-766	15.7
Adj. Net debt/EBITDA(R)	x	0.93	1.25	-10.1	0.75
Adjusted Gross Debt/EBITDA(R)	x	-0.06	-0.07	30.5	2.61
Adj. gross debt/(Adj. gross debt+Equity)	%	3.75	10.3	94.2	83.6
Ebit cover	x	24.0	-21.7	-6.87	11.6
FFO/Gross Debt	%	-1,229	-1,253	0.38	29.5
FFO/Net debt	%	82.0	68.8	-1.13	103
FCF/Adj. gross debt (%)	%	-1,874	-3,171	-57.1	-51.0
(Gross cash+ "cash" FCF+undrawn)/ST debt	x			0.75	0.19
"Cash" FCF/ST debt	x			-0.59	-0.52

## Financials

### ROE Analysis (Dupont's Breakdown)

		12/15A	12/16E	12/17E	12/18E
Tax burden (Net income/pretax pre expc income)	x	0.85	0.85	1.00	0.67
EBIT margin (EBIT/sales)	%	-298	-275	-15.0	6.98
Assets rotation (Sales/Avg assets)	%	47.3	29.6	112	260
Financial leverage (Avg assets /Avg equity)	x	0.43	1.36	6.80	10.6
<b>ROE</b>	%	<b>-49.2</b>	<b>-98.5</b>	<b>-130</b>	<b>117</b>
ROA	%	-450	-98.0	-20.2	17.1

### Shareholder's Equity Review (Group Share)

		12/15A	12/16E	12/17E	12/18E
Y-1 shareholders' equity	€M	14.4	8.65	2.99	0.63
+ Net profit of year	€M	-5.73	-5.80	-2.36	2.13
- Dividends (parent cy)	€M	0.00	0.00	0.00	0.00
+ Additions to equity	€M	0.00	0.00	0.00	0.00
<i>o/w reduction (addition) to treasury shares</i>	€M	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>
- Unrecognised actuarial gains/(losses)	€M	0.00	0.00	0.00	0.00
+ Comprehensive income recognition	€M		0.15	0.00	0.24
<b>= Year end shareholders' equity</b>	<b>€M</b>	<b>8.65</b>	<b>2.99</b>	<b>0.63</b>	<b>3.00</b>

### Staffing Analytics

		12/15A	12/16E	12/17E	12/18E
Sales per staff	€th	108	94.8	344	1,188
Staff costs per employee	€th	-99.2	-101	-103	-105
<i>Change in staff costs</i>	%	<i>32.0</i>	<i>15.9</i>	<i>63.2</i>	<i>7.10</i>
<i>Change in unit cost of staff</i>	%	<i>2.00</i>	<i>2.00</i>	<i>2.00</i>	<i>2.00</i>
<i>Staff costs/(EBITDA+Staff costs)</i>	%	<i>-65.6</i>	<i>-102</i>	<i>92.4</i>	<i>42.9</i>

<b>Average workforce</b>	<b>unit</b>	<b>22.0</b>	<b>25.0</b>	<b>40.0</b>	<b>42.0</b>
Europe	unit	22.0	25.0	40.0	42.0
North America	unit	0.00	0.00	0.00	0.00
South Americas	unit	0.00	0.00	0.00	0.00
Asia	unit	0.00	0.00	0.00	0.00
Other key countries	unit	0.00	0.00	0.00	0.00
<b>Total staff costs</b>	<b>€M</b>	<b>-2.18</b>	<b>-2.53</b>	<b>-4.13</b>	<b>-4.42</b>
Wages and salaries	€M	-2.18	-2.53	-4.13	-4.42
<i>of which social security contributions</i>	€M	<i>-0.71</i>	<i>-0.82</i>	<i>-1.34</i>	<i>-1.43</i>
Equity linked payments	€M				
Pension related costs	€M		0.00	0.00	0.00

### Divisional Breakdown Of Revenues

		12/15A	12/16E	12/17E	12/18E
Methotrexate	€M	0.00	0.00	13.8	22.9
Epinephrin	€M			0.00	10.6
Sumatriptan	€M			0.00	8.77
Midazolam	€M			0.00	3.78
L15	€M			0.00	3.81
Naloxone	€M			0.00	0.00
Apomorphine	€M			0.00	0.00
Other	€M	2.37	2.37	0.00	0.00
<b>Total sales</b>	<b>€M</b>	<b>2.37</b>	<b>2.37</b>	<b>13.8</b>	<b>49.9</b>

### Divisional Breakdown Of Earnings

		12/15A	12/16E	12/17E	12/18E
<b>EBITA Analysis</b>					
Royalty income	€M				
Product sales	€M	-5.51	-5.00	0.34	5.88
Other/cancellations	€M				
<b>Total</b>	<b>€M</b>	<b>-5.51</b>	<b>-5.00</b>	<b>0.34</b>	<b>5.88</b>
EBITA margin	%	ns	ns	2.46	11.8

# Crossject (Buy)

Supergenerics / France

## Financials

### Revenue Breakdown By Country

		12/15A	12/16E	12/17E	12/18E
Europe	%	25.0	25.0		
Of Which France	%	10.0	10.0		
Americas	%	55.0	55.0		
Asia	%	20.0	20.0		
Of Which China	%	15.0	15.0		
Other	%	0.00	0.00		

### Capital Employed

		12/15A	12/16E	12/17E	12/18E
ROCE (NOPAT+lease exp.*(1-tax))/(net) cap employed adjusted	%	-143	-53.6	-12.0	11.0
Goodwill	€M	0.00	0.00	0.00	0.00
Accumulated goodwill amortisation	€M	0.00	0.00	0.00	0.00
All intangible assets	€M	0.01	0.01	0.01	0.01
Accumulated intangible amortisation	€M	0.00	0.00	0.00	0.00
Financial hedges (LT derivatives)	€M	0.00	0.00	0.00	0.00
Capitalised R&D	€M	2.32	8.32	7.24	6.52
PV of non-capitalised lease obligations	€M	0.00	0.00	0.00	0.00
Other fixed assets	€M	1.74	1.73	1.41	1.02
Accumulated depreciation	€M	0.00	0.00	0.00	0.00
Capital employed before depreciation	€M	3.42	8.49	12.0	22.2
WCR	€M	-2.50	-3.42	1.52	12.8
Other assets	€M	1.85	1.85	1.85	1.85
Unrecognised actuarial losses/(gains)	€M	0.00	0.00	0.00	0.00
<b>Capital employed after deprec. (Invested capital)</b>	<b>€M</b>	<b>3.42</b>	<b>8.49</b>	<b>12.0</b>	<b>22.2</b>

### Divisional Breakdown Of Capital

		12/15A	12/16E	12/17E	12/18E
Royalty income	€M	3.00	9.00	15.0	24.5
Product sales	€M				
Other	€M	0.42	-0.51	-2.96	-2.27
<b>Total capital employed</b>	<b>€M</b>	<b>3.42</b>	<b>8.49</b>	<b>12.0</b>	<b>22.2</b>

## ► Pension Risks

### Pension matters

At year-end 2014, Crossject had 23 employees. We expect this number to rise, although we have considered that all NTEs under development will be marketed through partnerships, which does not require a significant workforce. Of course, the situation could be different if the group decided to change this marketing policy in the future, although we don't believe Crossject to be able to market its products on its own in the foreseeable future.

#### Summary Of Pension Risks

		12/15A	12/16E	12/17E	12/18E
<b>Pension ratio</b>	%	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Ordinary shareholders' equity	€M	8.80	2.99	0.63	3.00
<b>Total benefits provisions</b>	<b>€M</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<i>of which funded pensions</i>	€M	0.00	0.00	0.00	0.00
<i>of which unfunded pensions</i>	€M	0.00	0.00	0.00	0.00
<i>of which benefits / health care</i>	€M		0.00	0.00	0.00
Unrecognised actuarial (gains)/losses	€M	0.00	0.00	0.00	0.00
<i>Company discount rate</i>	%	2.50	2.50	2.50	2.50
Normalised recomputed discount rate	%		2.50		
<i>Company future salary increase</i>	%	2.00	2.00	2.00	2.00
Normalised recomputed future salary increase	%		2.00		
<i>Company expected rate of return on plan assets</i>	%	3.00	3.00	3.00	3.00
Normalised recomputed expd rate of return on plan assets	%		3.30		
<b>Funded : Impact of actuarial assumptions</b>	<b>€M</b>		<b>0.00</b>		
<b>Unfunded : Impact of actuarial assumptions</b>	<b>€M</b>		<b>0.00</b>		

#### Geographic Breakdown Of Pension Liabilities

		12/15A	12/16E	12/17E	12/18E
US exposure	%				
UK exposure	%				
Euro exposure	%	100	100	100	100
Nordic countries	%				
Switzerland	%				
Other	%				
Total	%	100	100	100	100

#### Balance Sheet Implications

		12/15A	12/16E	12/17E	12/18E
Funded status surplus / (deficit)	€M	0.00	0.00	0.00	0.00
Unfunded status surplus / (deficit)	€M	0.00	0.00	0.00	0.00
Total surplus / (deficit)	€M	0.00	0.00	0.00	0.00
<b>Total unrecognised actuarial (gains)/losses</b>	<b>€M</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Provision (B/S) on funded pension	€M	0.00	0.00	0.00	0.00
Provision (B/S) on unfunded pension	€M	0.00	0.00	0.00	0.00
Other benefits (health care) provision	€M		0.00	0.00	0.00
<b>Total benefit provisions</b>	<b>€M</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

#### P&L Implications

		12/15A	12/16E	12/17E	12/18E
Funded obligations periodic costs	€M	0.00	0.00	0.00	0.00
Unfunded obligations periodic costs	€M	0.00	0.00	0.00	0.00
<b>Total periodic costs</b>	<b>€M</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<i>of which incl. in labour costs</i>	€M	0.00	0.00	0.00	0.00
<i>of which incl. in interest expenses</i>	€M	0.00	0.00	0.00	0.00

## ► Pension Risks

### Funded Obligations

		12/15A	12/16E	12/17E	12/18E
<b>Balance beginning of period</b>	€M	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Current service cost	€M		0.00	0.00	0.00
Interest expense	€M		0.00	0.00	0.00
Employees' contributions	€M				
Impact of change in actuarial assumptions	€M		0.00	0.00	0.00
<i>of which impact of change in discount rate</i>	€M		0.00		
<i>of which impact of change in salary increase</i>	€M		0.00		
<b>Changes to scope of consolidation</b>	€M				
Currency translation effects	€M				
Pension payments	€M				
Other	€M				
<b>Year end obligation</b>	€M	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

### Plan Assets











		12/15A	12/16E	12/17E	12/18E
<b>Value at beginning</b>	€M		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Company expected return on plan assets	€M		0.00	0.00	0.00
Actuarial gain/(loss)	€M		0.00	0.00	0.00
Employer's contribution	€M		0.00	0.00	0.00
Employees' contributions	€M	0.00	0.00	0.00	0.00
Changes to scope of consolidation	€M				
Currency translation effects	€M				
Pension payments	€M	0.00	0.00	0.00	0.00
Other	€M				
<b>Value end of period</b>	€M	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Actual and normalised future return on plan assets	€M	0.00	0.00	0.00	0.00

### Unfunded Obligations




		12/15A	12/16E	12/17E	12/18E
<b>Balance beginning of period</b>	€M	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Current service cost	€M		0.00	0.00	0.00
Interest expense	€M		0.00	0.00	0.00
Employees' contributions	€M				
Impact of change in actuarial assumptions	€M		0.00	0.00	0.00
<i>of which Impact of change in discount rate</i>	€M		0.00		
<i>of which Impact of change in salary increase</i>	€M		0.00		
Changes to scope of consolidation	€M				
Currency translation effects	€M				
Pension payments	€M				
Other	€M				
<b>Year end obligation</b>	€M	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

## ► Governance & Management



### Governance parameters

	Yes  / No 	Weighting
One share, one vote		15%
Chairman vs. Executive split		5%
Chairman not ex executive		5%
Independent directors equals or above 50% of total directors		20%
Full disclosure on mgt pay (performance related bonuses, pensions and non financial benefits)		20%
Disclosure of performance anchor for bonus trigger		15%
Compensation committee reporting to board of directors		5%
Straightforward, clean by-laws		15%
Governance score	45	100%











### Existing committees

	Audit / Governance Committee
	Compensation committee
	Financial Statements Committee
	Litigation Committee
	Nomination Committee
	Safety committee
	SRI / Environment

### Management

Name	Function	Birth date	Date in	Date out	Compensation, in k€ (year)	
					Cash	Equity linked
Patrick ALEXANDRE	M  CEO				175 (2014)	
Timothée MULLER	M  COO				0.00 (2014)	

### Board of Directors

Name	Indep.	Function	Completion of current mandate	Birth date	Date in	Date out	Fees / indemnity, in k€(year)	Value of holding, in k€(year)
Philippe MONNOT	M  	President/Chairman of th...						
Jean-Michel PIMONT	M  	Member						
Marc BLONDET	M  	Member						
Patrice COISSAC	M  	Member						
Eric NEMETH	M  	Deputy Chairman						



## ► Governance & Management

### Human Resources

#### Accidents at work

25% Of H.R. Score



#### Human resources development

35% Of H.R. Score



#### Pay

20% Of H.R. Score



#### Job satisfaction

10% Of H.R. Score



#### Internal communication

10% Of H.R. Score



### HR Breakdown

		Yes ✓ / No ✗	Rating
<b>Accidents at work</b>	<b>25%</b>		<b>10/100</b>
Set targets for work safety on all group sites?	40%	✓	10/100
Are accidents at work declining?	60%	✗	0/100
<b>Human resources development</b>	<b>35%</b>		<b>25/100</b>
Are competences required to meet medium term targets identified?	10%	✓	4/100
Is there a medium term (2 to 5 years) recruitment plan?	10%	✓	4/100
Is there a training strategy tuned to the company objectives?	10%	✗	0/100
Are employees trained for tomorrow's objectives?	10%	✓	4/100
Can all employees have access to training?	10%	✗	0/100
Has the corporate avoided large restructuring lay-offs over the last year to date?	10%	✓	4/100
Have key competences stayed?	10%	✓	4/100
Are managers given managerial objectives?	10%	✓	4/100
If yes, are managerial results a deciding factor when assessing compensation level?	10%	✓	4/100
Is mobility encouraged between operating units of the group?	10%	✗	0/100
<b>Pay</b>	<b>20%</b>		<b>6/100</b>
Is there a compensation committee?	30%	✓	6/100
Is employees' performance combining group performance AND individual performance?	70%	✗	0/100
<b>Job satisfaction</b>	<b>10%</b>		<b>10/100</b>
Is there a measure of job satisfaction?	33%	✓	3/100
Can anyone participate ?	34%	✓	3/100
Are there action plans to prop up employees' morale?	33%	✓	3/100
<b>Internal communication</b>	<b>10%</b>		<b>10/100</b>
Are strategy and objectives made available to every employee?	100%	✓	10/100
<b>Human Ressources score:</b>			<b>61/100</b>

### HR Score

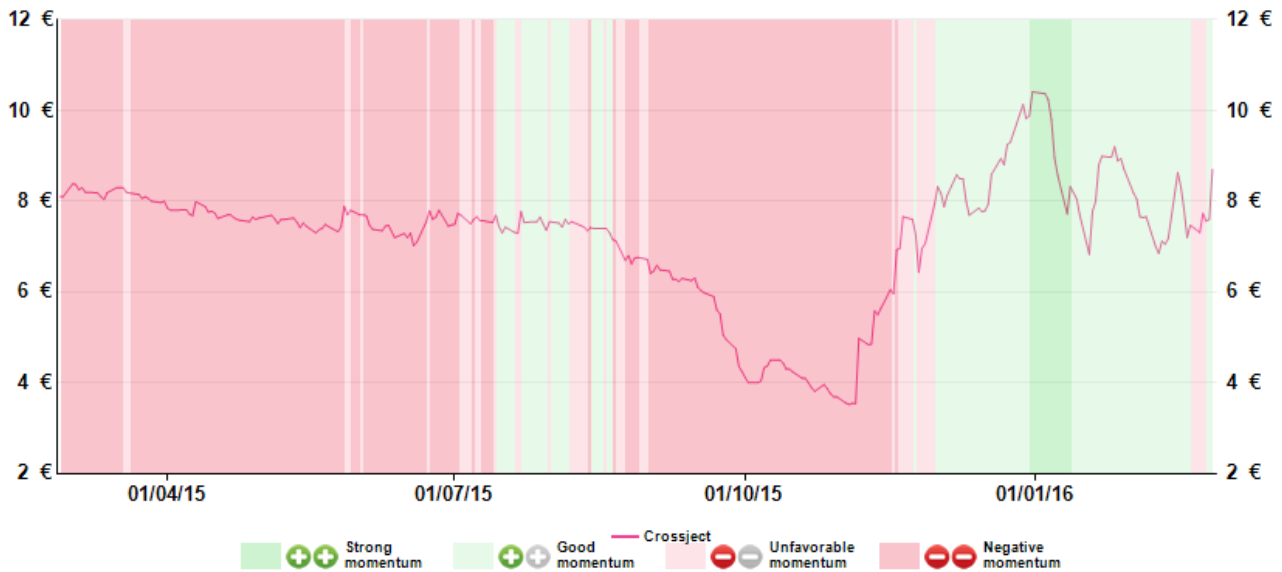
H.R. Score : 6.1/10





▼ Pharma  
■ Crossject


► Graphics


## Momentum



 : Strong momentum corresponding to a continuous and overall positive moving average trend confirmed by volumes

 : Relatively good momentum corresponding to a positively-oriented moving average, but offset by an overbought pattern or lack of confirmation from volumes

 : Relatively unfavorable momentum with a neutral or negative moving average trend, but offset by an oversold pattern or lack of confirmation from volumes

 : Strongly negative momentum corresponding to a continuous and overall negative moving average trend confirmed by volumes

Momentum analysis consists in evaluating the stock market trend of a given financial instrument, based on the analysis of its trading flows.

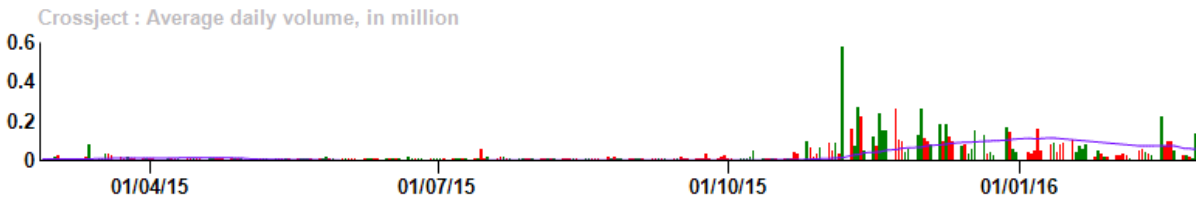
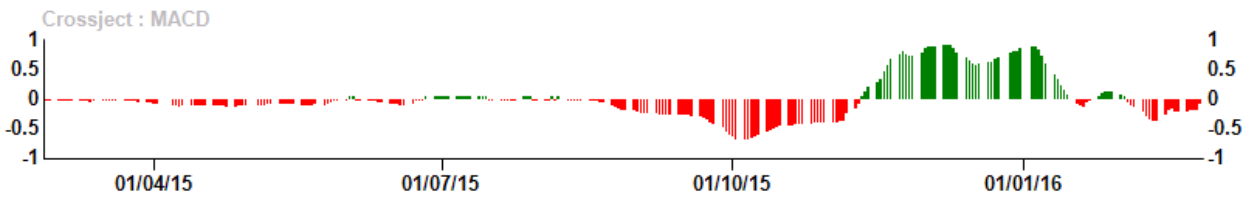
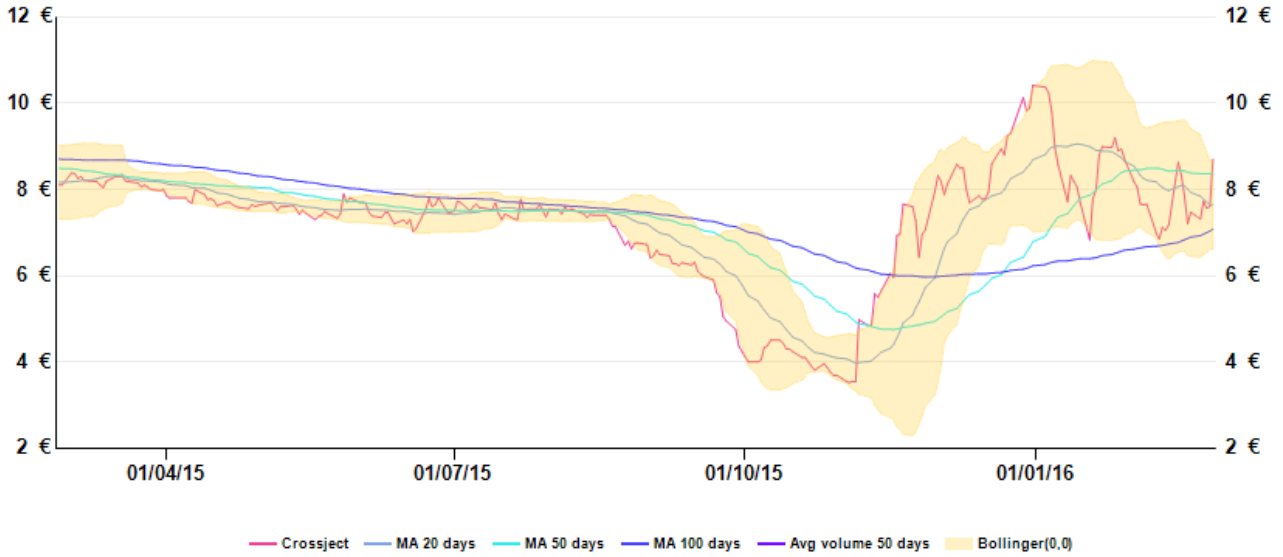
The main indicators used in our momentum tool are simple moving averages over three time frames: short term (20 trading days), medium term (50 days) and long term (150 days). The positioning of these moving averages relative to each other gives us the direction of the flows over these time frames.

For example, if the short and medium-term moving averages are above the long-term moving average, this suggests an uptrend which will need to be confirmed. Attention is also paid to the latest stock price relative to the three moving averages (advance indicator) as well as to the trend in these three moving averages - downtrend, neutral, uptrend - which is more of a lagging indicator.

The trend indications derived from the flows through moving averages and stock prices must be confirmed against trading volumes in order to confirm the signal. This is provided by a calculation based on the average increase in volumes over ten weeks together with a buy/sell volume ratio.

► Graphics

## Moving Average MACD & Volume



# Crossject (Buy)

Supergenerics / France

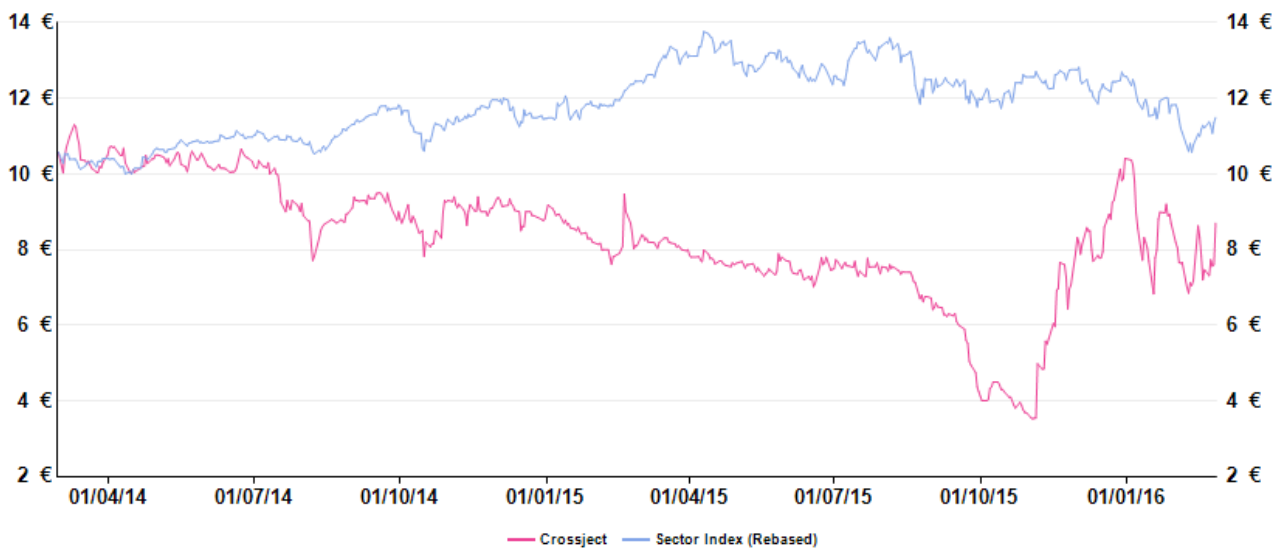
ALPHAVALUE  
CORPORATE SERVICES

## ► Graphics

### €/\$ sensitivity



### Sector Pharma



# Methodology

## ► Methodology

### Fundamental Opinion

It is implicit that recommendations are made in good faith but should not be regarded as the sole source of advice.

Recommendations are geared to a "value" approach.

Valuations are computed from the point of view of a **secondary market minority holder** looking at a medium term (say 6 months) performance.

Valuation tools are built around the concepts of **transparency**, all underlying figures are accessible, and **consistency**, same methodology whichever the stock, allowing for differences in nature between financial and non financial stocks. A stock with a target price below its current price should not and will not be regarded as an Add or a Buy.

Recommendations are based on target prices with no allowance for dividend returns. The thresholds for the four recommendation levels may change from time to time depending on market conditions. Thresholds are defined as follows, ASSUMING long risk free rates remain in the 2-5% region.

Recommendation	Low Volatility (10-30)	Normal Volatility (15-35)	High Volatility (above 35)
Buy ●	More than 15% upside	More than 20% upside	More than 30% upside
Add ■	From 5% to 15%	From 5% to 20%	From 10% to 30%
Reduce ■	From -10% to 5%	From -10% to 5%	From -10% to 10%
Sell ●	Below -10%	Below -10%	Below -10%

There is deliberately no "neutral" recommendation. The principle is that there is no point investing in equities if the return is not at least the risk free rate (and the dividend yield which again is not allowed for).

Although recommendations are automated (a function of the target price whenever a new equity research report is released), the management of AlphaValue intends to maintain global consistency within its universe coverage and may, from time to time, decide to change global parameters which may affect the level of recommendation definitions and /or the distribution of recommendations within the four levels above. For instance, lowering the risk premium in a gloomy context may increase the proportion of positive recommendations.

### Valuation

Valuation processes have been organized around transparency and consistency as primary objectives.

Stocks belong to different categories that recognise their main operating features : Banks, Insurers and Non Financials.

Within those three universes, the valuation techniques are the same and in relation to the financial data available.

The weighting given to individual valuation techniques is managed centrally and may be changed from time to time. As a rule, all stocks of a similar profile are valued using equivalent weighting of the various valuation techniques. This is for obvious consistency reasons.

Within the very large universe of Non Financials, there are in effect 4 sub-categories of weightings to cater for subsets: 1) 'Mainstream' stocks; 2) 'Holding companies' where the stress is on NAV measures; 3) 'Growth' companies where the stress is on peer based valuations; 4) 'Loss making sectors' where peers review is essentially pointing nowhere. The bulk of the valuation is then built on DCF and NAV, in effect pushing back the time horizon.

Valuation Issue	Normal industrials	Growth industrials	Holding company	Loss runners	Bank	Insurers
DCF	35%	35%	10%	40%	0%	0%
NAV	20%	20%	55%	40%	25%	15%
PE	10%	10%	10%	5%	10%	20%
EV/EBITDA	20%	20%	0%	5%	0%	0%
Yield	10%	10%	20%	5%	15%	15%
P/Book	5%	5%	5%	5%	15%	10%
Banks' intrinsic method	0%	0%	0%	0%	25%	0%
Embedded Value	0%	0%	0%	0%	0%	40%
Mkt Cap/Gross Operating Profit	0%	0%	0%	0%	10%	0%

Typical sectors

Bio Techs

# Crossject (Buy)

Supergenerics / France

► Methodology

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