



# Crossject

Supergenerics / France

## FY21: not very meaningful, as expected

Earnings/sales releases - 29/03/2022

**Crossject released an expected set of FY21 results**

**The industrialisation process of Zeneo is on track**

**The group's financing for FY22 seems to be secured**

**We will adjust our model to account for the latest developments**

### Fact

Crossject released FY21 results. Revenues reached €6,772k vs €5.73m, operating result €-11,823k vs €-10,672k, and net result €-10,698k vs €-9,844k. Gross cash at the end of FY21 amounted to €10.0m vs €8.2m the year before.

### Analysis

As a start, it is worth mentioning, much the same as after each release from the group that, as usual, 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, and as is also often the case, we note that operating expenses have been kept under control, reaching €18,595k vs €16,403k a year earlier. This had enabled the company to post a net result close to where it landed last year as well, thanks to the higher level of "CIR" (credit on research) which reached €1.8m.

On the operating front, the company indicated that the production of batches concerning Zeneo Hydrocortisone and Zeneo Midazolam has made progress, with a target to ask for a marketing authorisation ("AMM") by 2023. The same work is in progress, though at an earlier stage, concerning Zeneo Adrenaline, while the group also announced it no longer has ambitions to invest in Zeneo Apomorphine (Parkinson's disease) to pursue more promising opportunities. As a reminder, the company is also still waiting for the results of a call for tender of Barda (Biomedical Advanced Research and Development Authority), the timing of which is still unknown. As far as FY22 is concerned, the company intends to produce the products needed to apply for marketing authorisations, carry on the bioequivalence study for Zeneo Midazolam and sign new commercial agreements after the one reached with Eton Pharmaceuticals on Zeneo Hydrocortisone. Altogether, the group estimates that the total turnover achievable by its distributors could reach as much as €900m (half of which from the three main applications under development). Assuming a 35-40% share of this turnover for Crossject, this would imply €320-360m in net revenues which is substantially higher than the c.€300m that we expect by...FY28. Lastly, the financing for FY22 should be secured by the gross cash in the company, the research credits, as well as potential licensing revenues, even if other options (capital increase) could be considered.

### Impact

We will adjust our model on the back of this release. In particular, we will fine-tune our numbers based on the latest information available concerning the expected market launches of the group's products.



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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: 368%</b>
Target Price (6 months)	€ 10.4
Share Price	€ 2.23
Market Cap. €M	56.4
Price Momentum	<b>UNFAVORABLE</b>
Extremes 12Months	1.70 ▶ 3.58
Sustainability score	3.7 / 10
Credit Risk	BBB →
Bloomberg	ALCJ FP Equity
Reuters	ALCJ.PA


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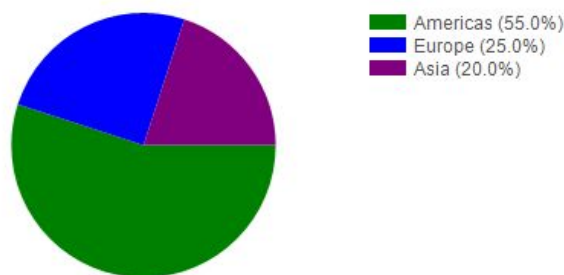

PERF	1w	1m	3m	12m
Crossject	8.27%	-2.63%	-16.5%	-33.7%
Pharma	0.82%	7.28%	2.10%	27.7%
STOXX 600	-0.14%	0.14%	-7.03%	6.38%

Last updated: 02/09/2021	12/20A	12/21E	12/22E	12/23E
Adjusted P/E (x)	-5.33	-11.1	3.54	1.58
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-11.3	-16.9	3.99	2.06
Adjusted EPS (€)	-0.49	-0.28	0.63	1.41
Growth in EPS (%)	n/a	n/a	n/a	123
Dividend (€)	0.00	0.00	0.00	0.00
Sales (€M)	5.73	5.86	51.9	94.6
EBIT margin (%)	0.00	0.00	100.0	100.0
Attributable net profit (€M)	-10.1	-6.61	15.9	35.5
ROE (after tax) (%)	-1,072	153	2,677	134
Gearing (%)			434	131

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



## Sales by Geography



## Consolidated P&L Accounts

		12/20A	12/21E	12/22E
Sales	€M	5.73	5.86	51.9
Change in sales	%	-4.39	2.17	787
Change in staff costs	%	20.0	0.00	16.7
EBITDA	€M	-6.69	-5.81	27.8
<b>EBITDA(R) margin</b>	%	<b>-117</b>	<b>-99.2</b>	<b>53.6</b>
Depreciation	€M	-3.95	-3.35	-3.35
Underlying operating profit	€M	-10.6	-9.16	24.5
<b>Operating profit (EBIT)</b>	<b>€M</b>	<b>-10.6</b>	<b>-9.16</b>	<b>24.5</b>
Net financial expense	€M	-0.54	-0.70	-0.70
of which related to pensions	€M		0.00	0.00
Exceptional items & other	€M	-0.56	0.00	0.00
Corporate tax	€M	1.65	3.25	-7.85
Equity associates	€M			
Minority interests	€M			
<b>Adjusted attributable net profit</b>	<b>€M</b>	<b>-10.1</b>	<b>-6.61</b>	<b>15.9</b>
NOPAT	€M	-7.45	-6.41	17.1

## Cashflow Statement

		12/20A	12/21E	12/22E
EBITDA	€M	-6.69	-5.81	27.8
Change in WCR	€M	0.96	1.39	-51.4
Actual div. received from equity holdi...	€M	0.00	0.00	0.00
Paid taxes	€M	1.65	3.25	-7.85
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	-4.09	-1.17	-31.4
Capital expenditure	€M	-6.10	-1.72	-2.66
Total investment flows	€M	-6.10	-1.72	-2.66
Net interest expense	€M	-0.54	-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	-1.00	13.2	24.1
Change in cash position	€M	-11.2	10.3	-9.96
<b>Free cash flow (pre div.)</b>	<b>€M</b>	<b>-10.7</b>	<b>-3.59</b>	<b>-34.7</b>

## Per Share Data

		12/20A	12/21E	12/22E
No. of shares net of treas. stock (year...)	Mio	22.4	25.3	25.2
Number of diluted shares (average)	Mio	20.5	24.0	25.4
<b>Benchmark EPS</b>	<b>€</b>	<b>-0.49</b>	<b>-0.28</b>	<b>0.63</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	€ 15.0	40%	● Faes Farma
NAV/SOTP per share	€ 9.66	40%	● Hikma Pharmaceuti...
P/E	€ 4.45	5%	● Ipsen
EV/Ebitda	€ 4.45	5%	● UCB
P/Book	€ 1.86	5%	
Dividend Yield	€ 0.00	5%	
TARGET PRICE	€ 10.4	100%	

### NAV/SOTP Calculation

## Balance Sheet

		12/20A	12/21E	12/22E
Goodwill	€M	0.00	0.00	0.00
Total intangible	€M	7.54	7.20	6.87
Tangible fixed assets	€M	6.76	5.96	6.10
Financial fixed assets	€M	0.11	0.11	0.11
WCR	€M	-2.05	-3.43	47.9
Other assets	€M	8.88	8.62	8.36
Total assets (net of short term liab.)	€M	21.7	19.0	69.9
<b>Ordinary shareholders' equity</b>	<b>€M</b>	<b>-1.13</b>	<b>-7.50</b>	<b>8.69</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	6.01	6.01	6.01
<b>Net debt (cash)</b>	<b>€M</b>	<b>16.7</b>	<b>20.3</b>	<b>55.0</b>
Total liab. and shareholders' equity	€M	21.7	19.0	69.9

## Capital Employed

		12/20A	12/21E	12/22E
Capital employed after depreciation	€M	12.4	9.84	61.0

## Profits & Risks Ratios

		12/20A	12/21E	12/22E
<b>ROE (after tax)</b>	%	<b>-1,072</b>	<b>153</b>	<b>2,677</b>
ROCE	%	-60.3	-65.2	28.1
<b>Gearing (at book value)</b>	%			<b>434</b>
Adj. Net debt/EBITDA(R)	x	-2.50	-3.50	1.98
Interest cover (x)	x	-19.7	-13.1	35.0

## Valuation Ratios

		12/20A	12/21E	12/22E
<b>Reference P/E (benchmark)</b>	<b>x</b>	<b>-5.33</b>	<b>-11.1</b>	<b>3.54</b>
Free cash flow yield	%	-18.2	-4.61	-62.0
P/Book	x	-52.1	-10.4	6.45
<b>Dividend yield</b>	%	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

## EV Calculation

		12/20A	12/21E	12/22E
Market cap	€M	58.9	77.9	56.0
+ 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	16.7	20.3	55.0
+ Leases debt equivalent	€M	0.00	0.00	0.00
- Financial fixed assets (fair value)	€M			
+ Minority interests (fair value)	€M			
= EV	€M	75.7	98.3	111
<b>EV/EBITDA(R)</b>	<b>x</b>	<b>-11.3</b>	<b>-16.9</b>	<b>3.99</b>
EV/Sales	x	13.2	16.8	2.14

Analyst : Fabrice Farigoule, Changes to Forecasts : 02/09/2021.