



Crossject

Supergenerics / France

A major breakthrough for Crossject

Latest - 20/06/2022

The tender for Zeneo Midazolam with BARDA was a success

It will translate into the first orders for the French company

It will also accelerate the approval process with the FDA and other regulatory authorities

This excellent news can only support our very positive stance on the stock

■ Fact

The tender with BARDA was successful.

■ Analysis

Coming back on the news first, it was announced on Saturday that Crossject was successful in the call for tender launched by BARDA for Zeneo Midazolam.

As a reminder provided by management, BARDA (the Biomedical Advanced Research and Development Authority) provides an approach to the development of the necessary vaccines, drugs, therapies, and diagnostic tools for public health medical emergencies. This US organisation has placed a US\$60m order (to be delivered as soon as the FDA approval is obtained) with Crossject on Zeneo Midazolam, used in the treatment of epilepsy and against nerve agents, and will also financially support the late-stage development and regulatory activities to obtain FDA approval of Zeneo Midazolam 10mg and a new paediatric dose. BARDA also has the option to procure additional Zeneo Midazolam auto injectors from Crossject. In short, the news is excellent for the French group, and this is for several reasons: first, obviously, Crossject will be able to book its first turnover (the timing of the new order was not disclosed, but we understand it will have to be delivered in the short term once the FDA approval is obtained). Secondly, BARDA will support Crossject in the FDA filing process. Thirdly, this first success will be an accelerator in the FDA regulatory approval process and, incidentally, for the same procedures in Europe and elsewhere. Lastly, BARDA also has also placed an option for another order worth "up to US\$59m".

Concerning turnover, it is worth noting that we had anticipated the first sales in FY22 (€52m) which looks a bit optimistic but this is really not the issue in our view: the main achievement is here, with the first approval of Crossject's device, which should enable the company to move forward. On top of a potential approval of Zeneo Midazolam by the FDA, we remind that a number of other specialities (Naloxone, Epinephrine, Terbutaline, Methotrexate...eight in total) are under development and should bring additional sales potential for the group. Again here, the first approval of the device will certainly help and accelerate the process for other specialities, paving the way for massive growth opportunities for Crossject.

The financial details of the order are not given (i.e. the price per unit ordered) and thus it is impossible to figure out what the margin could be for Crossject, but we guess that it should be significant in the context of the US market which is the market where the prices are by far the highest in the world. Again, what matters here is really that the first approval could be obtained with the perspective of the FDA approval in the short term, rather than the margin on this first order. We are,



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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

Buy	Upside: 502%
Target Price (6 months)	€ 10.5
Share Price	€ 1.74
Market Cap. €M	44.1
Price Momentum	NEGATIVE
Extremes 12Months	1.70 ▶ 3.58
Sustainability score	4.0 /10
Credit Risk	BBB →
Bloomberg	ALCJ FP Equity
Reuters	ALCJ.PA


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PERF	1w	1m	3m	12m
Crossject	-8.42%	-19.6%	-12.1%	-39.4%
Pharma	-3.60%	-4.72%	-4.42%	6.45%
STOXX 600	-4.60%	-7.07%	-10.5%	-12.2%

Last updated: 25/05/2022	12/21A	12/22E	12/23E	12/24E
Adjusted P/E (x)	-11.1	2.78	1.24	0.79
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-17.0	3.57	1.85	1.14
Adjusted EPS (€)	-0.28	0.63	1.40	2.20
Growth in EPS (%)	n/a	n/a	123	57.3
Dividend (€)	0.00	0.00	0.00	0.00
Sales (€M)	5.85	51.9	94.6	143
EBIT margin (%)	0.00	100.0	100.0	100.0
Attributable net profit (€M)	-6.61	15.9	35.5	55.7
ROE (after tax) (%)	149	4,483	135	77.1
Gearing (%)		449	132	58.5

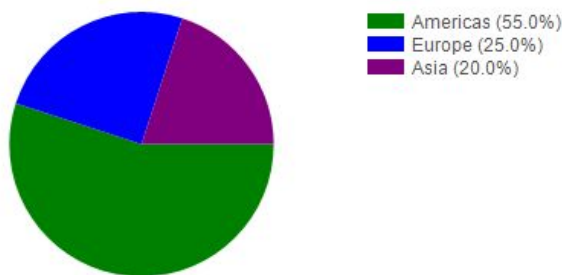
[Company Valuation](#) - [Company Financials](#)

of course, convinced that the market will welcome this great news, which should definitely increase the group's credibility and bodes well for the future development of the firm.

■ **Impact**

We will update our model after talking to management. However, we are comfortable with our price target, which takes it for granted that the Zeneo device will be approved in the US and Europe. The latest news confirms that the odds are increasing that the product will ultimately be a success, thus our target price leaves considerable upside.

Sales by Geography



Consolidated P&L Accounts

		12/21A	12/22E	12/23E
Sales	€M	5.85	51.9	94.6
Change in sales	%	2.00	788	82.1
Change in staff costs	%	0.00	16.7	0.00
EBITDA	€M	-5.81	27.8	57.1
EBITDA(R) margin	%	-99.4	53.6	60.3
Depreciation	€M	-3.35	-3.35	-3.35
Underlying operating profit	€M	-9.16	24.5	53.7
Operating profit (EBIT)	€M	-9.16	24.5	53.7
Net financial expense	€M	-0.70	-0.70	-0.70
of which related to pensions	€M		0.00	0.00
Exceptional items & other	€M	0.00	0.00	0.00
Corporate tax	€M	3.25	-7.85	-17.5
Equity associates	€M			
Minority interests	€M			
Adjusted attributable net profit	€M	-6.61	15.9	35.5
NOPAT	€M	-6.41	17.1	37.6

Cashflow Statement

		12/21A	12/22E	12/23E
EBITDA	€M	-5.81	27.8	57.1
Change in WCR	€M	1.39	-51.4	-43.0
Actual div. received from equity holdi...	€M	0.00	0.00	0.00
Paid taxes	€M		-7.85	-17.5
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	-4.42	-31.4	-3.49
Capital expenditure	€M	-1.72	-2.66	-2.27
Total investment flows	€M	-1.72	-2.66	-2.27
Net interest expense	€M	-0.70	-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	24.1	9.30
Change in cash position	€M	-7.14	-9.96	3.55
Free cash flow (pre div.)	€M	-6.84	-34.7	-6.45

Per Share Data

		12/21A	12/22E	12/23E
No. of shares net of treas. stock (year...	Mio	25.3	25.3	25.2
Number of diluted shares (average)	Mio	24.0	25.4	25.4
Benchmark EPS	€	-0.28	0.63	1.40
Restated NAV per share	€			
Net dividend per share	€	0.00	0.00	0.00

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	€ 15.4	40%	● Faes Farma
NAV/SOTP per share	€ 9.66	40%	● Hikma Pharmaceuti...
P/E	€ 3.48	5%	● Ipsen
EV/Ebitda	€ 3.48	5%	● UCB
P/Book	€ 1.73	5%	
Dividend Yield	€ 0.00	5%	
TARGET PRICE	€ 10.5	100%	

NAV/SOTP Calculation

Balance Sheet

		12/21A	12/22E	12/23E
Goodwill	€M	0.00	0.00	0.00
Total intangible	€M	7.20	6.87	6.53
Tangible fixed assets	€M	5.96	6.10	5.86
Financial fixed assets	€M	0.11	0.11	0.11
WCR	€M	-3.43	47.9	91.0
Other assets	€M	8.62	8.36	8.09
Total assets (net of short term liab.)	€M	19.0	69.9	112
Ordinary shareholders' equity	€M	-7.74	8.45	44.2
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
Net debt (cash)	€M	20.6	55.3	61.7
Total liab. and shareholders' equity	€M	19.0	69.9	112

Capital Employed

		12/21A	12/22E	12/23E
Capital employed after depreciation	€M	9.84	61.0	103

Profits & Risks Ratios

		12/21A	12/22E	12/23E
ROE (after tax)	%	149	4,483	135
ROCE	%	-65.2	28.1	36.3
Gearing (at book value)	%		449	132
Adj. Net debt/EBITDA(R)	x	-3.54	1.99	1.08
Interest cover (x)	x	-13.1	35.0	76.7

Valuation Ratios

		12/21A	12/22E	12/23E
Reference P/E (benchmark)	x	-11.1	2.78	1.24
Free cash flow yield	%	-8.79	-78.7	-14.7
P/Book	x	-10.1	5.22	0.99
Dividend yield	%	0.00	0.00	0.00

EV Calculation

		12/21A	12/22E	12/23E
Market cap	€M	77.9	44.1	43.8
+ 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	20.6	55.3	61.7
+ Leases debt equivalent	€M	0.00	0.00	0.00
- Financial fixed assets (fair value)	€M			
+ Minority interests (fair value)	€M			
= EV	€M	98.5	99.5	106
EV/EBITDA(R)	x	-17.0	3.57	1.85
EV/Sales	x	16.9	1.92	1.12

Analyst : Fabrice Farigoule, Changes to Forecasts : 25/05/2022.