

Crossject

Pharma & biotech

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Finalising supply chain for 2017 launch plan

Crossject develops proprietary versions of generic drugs to be used with its needle-free injection system, ZENEO, a drug delivery and manufacturing platform for multiple potential products, including biologics and vaccines. Crossject's needle-free, pre-filled, single-use ZENEO injection systems are designed to be self-administered and can be tailored to deliver drugs via intradermal, subcutaneous and intramuscular routes, allowing the system to be used in a broad range of indications. A 2014 [study](#) by the University of Texas showed that fewer than 20% of patients used their epipens correctly. ZENEO has been successfully tested in more than 10,000 humans, including seven preclinical and eight clinical trials. Crossject has seven products in development including products for rheumatoid arthritis, anaphylactic shock, migraine, Parkinson's and epileptic seizures.

CENEXI agreement boosts production scale

Crossject signed a manufacturing partnership agreement with CENEXI, which will take charge of filling and assembly manufacturing. While this change in manufacturing solution is likely to delay expected marketing approvals and launch of Crossject's first candidate, ZENEO Methotrexate for the treatment of RA, from H117 to H217, Crossject's management believes the deal will improve its ability to ramp-up production to meet expected demand and reduce capital expenses by shifting industrial investment responsibility to CENEXI.

China marketing agreement

In December, Crossject signed an agreement to supply ZENEO Methotrexate to Xi'an Xintong Pharmaceutical Research. The agreement calls for royalties of 25% of the sales, and mid-term sales commitments of €58m for this product in year three after market approval. Crossject estimates the deal could generate €360m in royalties over its 10-year duration. The company will receive a €3m milestone payment once it receives China marketing authorisation – likely in 2017.

Valuation: EV of €44.6m well supported by pipeline

The current EV of €44.6m appears to be modest given the breadth and depth of the pipeline, advanced stage of clinical development and the market opportunity for the ZENEO system. Crossject held €5.2m in cash (no debt) at 31 December 2015 and is set to receive c €3.0 in grants during 2016. Operating cash burn averaged c €3m in 2014-15 and the company appears to be well financed to mid-2017 when it expects to receive a €3m milestone payment and begin generating sales.

Consensus estimates

Year end	Revenue (€m)	PBT (€m)	EPS (€)	DPS (€)	P/E (x)	Yield (%)
12/14	1.7	(0.7)	(0.30)	0.0	N/A	N/A
12/15	0.0	(7.0)	(0.86)	0.0	N/A	N/A
12/16e	3.7	0.5	(0.31)	0.0	N/A	N/A

Source: Bloomberg

Price €7.49
Market cap €49.8m

Share price graph



Share details

Code ALCJ
Listing Euronext Paris
Shares in issue 6.65m

Business description

Crossject develops new therapeutic entities (supergeneric) to be administered using its proprietary, needle-free injection system, ZENEO. Crossject has seven products in its development pipeline, including products for rheumatoid arthritis, anaphylactic shock, migraine and Parkinson's.

Bull

- Partnership with CENEXI increases production expertise and scale.
- Strong IP on both ZENEO and its manufacturing process, with 400 patents in 23 families extending to 2028-35.
- Strong technological validation of ZENEO's reliability and accuracy.

Bear

- Injection pens under EMA regulatory review.
- Commercial availability unlikely before H217.
- Other companies are developing needle-free systems.

Analysts

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