



Crossject

Supergenerics / France

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A convertible bond and potential options for existing shareholders

Financing issue - 13/07/2018

Fact

Crossject announced the principle of granting of free options ("BSA") to existing shareholders (to compensate for the fact the ones granted in February could not be exercised) as well as the issue of another convertible bond (€2.5m). The convertible bond (maturity two years after issuance) will not bear interest and Gemme Ventures, the company's historic shareholder, will contribute €0.8m to the total subscription. The subscription price will be 92% of nominal value and the conversion price will be the lowest between €3.36 and a weighted average share price less 10% prior to the conversion.

Analysis

The operation is very similar (albeit smaller) to that announced last February. The group indicates that this new issuance does not suggest that the company's cash consumption could be higher than initially planned this year, but that it should further support the development of production capacities and commercial negotiations. Also note that, since no options have been exercised since February, the new total dilution from both convertible bonds (23.68%) is exactly what it would have been if all options granted in February had been converted before June. In other words, today's move is meant to substitute for the options that were not converted due to the rather low share price since February and not a way of tapping more money from the market. To that extent, it will not change our numbers much.

Impact

No major impact on our numbers. The extra-financing will balance the future dilution of this new issuance.



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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: 325%
Target Price (6 months)	€ 16.1
Share Price	€ 3.78
Market Cap. €M	33.3
Price Momentum	NEGATIVE
Extremes 12Months	3.16 ▶ 6.62
Bloomberg	ALCJ FP Equity
Reuters	ALCJ.PA

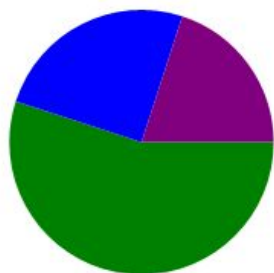

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PERF	1w	1m	3m	12m
Crossject	12.0%	-2.83%	-11.0%	-42.0%
Pharma	2.55%	5.50%	6.61%	0.77%
STOXX 600	0.73%	-0.82%	1.47%	-0.14%

Last updated: 06/11/2017	12/15A	12/16A	12/17E	12/18E
Adjusted P/E (x)	-8.05	-7.64	-12.9	-10.6
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-7.51	-9.19	-15.8	-5.93
Adjusted EPS (€)	-0.88	-0.98	-0.41	-0.36
Growth in EPS (%)	n/a	n/a	n/a	n/a
Dividend (€)	0.00	0.00	0.00	0.00
Sales (€M)	2.37	1.43	2.00	2.00
EBIT margin (%)	ns	ns	-196	ns
Attributable net profit (€M)	-5.73	-6.66	-3.22	-3.09
ROE (after tax) (%)	-49.2	-88.4	-44.0	-44.6
Gearing (%)	-91.3	-62.3	-46.4	-183

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Sales by Geography



■ Americas (55.0%)
■ Europe (25.0%)
■ Asia (20.0%)

Consolidated P&L Accounts

		12/16A	12/17E	12/18E
Sales	€M	1.43	2.00	2.00
Change in sales	%	-39.8	40.2	0.00
Change in staff costs	%	5.41	17.7	12.2
EBITDA	€M	-5.52	-2.57	-2.97
EBITDA(R) margin	%	-387	-129	-148
Depreciation	€M	-1.77	-1.35	-1.35
Underlying operating profit	€M	-7.29	-3.92	-4.32
Operating profit (EBIT)	€M	-7.29	-3.92	-4.32
Net financial expense	€M	-1.06	-0.30	-0.30
of which related to pensions	€M		0.00	0.00
Exceptional items & other	€M	0.59	0.00	0.00
Corporate tax	€M	1.10	1.00	1.52
Equity associates	€M			
Minority interests	€M			
Adjusted attributable net profit	€M	-6.66	-3.22	-3.09
NOPAT	€M	-5.10	-2.74	-3.02

Cashflow Statement

		12/16A	12/17E	12/18E
EBITDA	€M	-5.52	-2.57	-2.97
Change in WCR	€M	-0.33	0.46	0.21
Actual div. received from equity holdi...	€M	0.00	0.00	0.00
Paid taxes	€M	0.00	1.00	1.52
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	-5.85	-1.11	-1.23
Capital expenditure	€M	-6.00	-0.50	-0.53
Total investment flows	€M	-6.00	-0.50	-0.53
Net interest expense	€M	-1.06	-0.30	-0.30
Dividends (parent company)	€M			
Dividends to minorities interests	€M	0.00	0.00	0.00
New shareholders' equity	€M	4.10	4.30	0.00
Total financial flows	€M	9.00	0.96	10.9
Change in cash position	€M	-2.85	-0.65	9.16
Free cash flow (pre div.)	€M	-12.9	-1.91	-2.06

Per Share Data

		12/16A	12/17E	12/18E
No. of shares net of treas. stock (year...	Mio	7.11	8.64	8.64
Number of diluted shares (average)	Mio	6.80	7.87	8.69
Benchmark EPS	€	-0.98	-0.41	-0.36
Restated NAV per share	€			
Net dividend per share	€	0.00	0.00	0.00

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	€ 21.5	40%	■ Faes Farma
NAV/SOTP per share	€ 18.2	40%	● Hikma Pharmaceuti...
P/E	€ 1.89	5%	■ Ipsen
EV/Ebitda	€ 0.13	5%	● Stada Arzneimittel
P/Book	€ 1.89	5%	■ UCB
Dividend Yield	€ 0.00	5%	
TARGET PRICE	€ 16.1	100%	

NAV/SOTP Calculation

Balance Sheet

		12/16A	12/17E	12/18E
Goodwill	€M	0.00	0.00	0.00
Total intangible	€M	2.51	2.17	1.83
Tangible fixed assets	€M	5.78	5.27	4.78
Financial fixed assets	€M	0.10	0.10	0.10
WCR	€M	-2.17	-2.63	-2.84
Other assets	€M	1.97	2.97	3.21
Total assets (net of short term liab.)	€M	8.24	7.93	7.14
Ordinary shareholders' equity	€M	6.28	8.36	5.51
Quasi Equity & Preferred	€M			
Minority interests	€M			
Provisions for pensions	€M	0.00	0.00	0.00
Other provisions for risks and liabilities	€M	0.12	0.12	0.12
Total provisions for risks and liabilities	€M	0.12	0.12	0.12
Tax liabilities	€M	0.00	0.00	0.00
Other liabilities	€M	4.52	4.52	16.6
Net debt (cash)	€M	-2.69	-5.08	-15.1
Total liab. and shareholders' equity	€M	8.24	7.93	7.14

Capital Employed

		12/16A	12/17E	12/18E
Capital employed after depreciation	€M	6.22	4.91	3.88

Profits & Risks Ratios

		12/16A	12/17E	12/18E
ROE (after tax)	%	-88.4	-44.0	-44.6
ROCE	%	-82.1	-55.9	-77.9
Gearing (at book value)	%	-62.3	-46.4	-183
Adj. Net debt/EBITDA(R)	x	0.49	1.97	5.09
Interest cover (x)	x	-6.88	-13.1	-14.4

Valuation Ratios

		12/16A	12/17E	12/18E
Reference P/E (benchmark)	x	-7.64	-12.9	-10.6
Free cash flow yield	%	-24.2	-4.21	-6.32
P/Book	x	8.48	5.44	5.92
Dividend yield	%	0.00	0.00	0.00

EV Calculation

		12/16A	12/17E	12/18E
Market cap	€M	53.3	45.5	32.6
+ Provisions	€M	0.12	0.12	0.12
+ Unrecognised actuarial losses/(gains)	€M	0.00	0.00	0.00
+ Net debt at year end	€M	-2.69	-5.08	-15.1
+ Leases debt equivalent	€M	0.00	0.00	0.00
- Financial fixed assets (fair value)	€M			
+ Minority interests (fair value)	€M			
= EV	€M	50.7	40.5	17.6
EV/EBITDA(R)	x	-9.19	-15.8	-5.93
EV/Sales	x	35.5	20.2	8.80

Analyst : Fabrice Farigoule, Changes to Forecasts : 06/11/2017.