



# Crossject

Supergenerics / France

## H1 21: unsurprising (as usual)

Earnings/sales releases - 24/09/2021

**The H1 21 results were in line with expectations****The group continues its efforts on Midazolam, Hydrocortisone and Adrenaline****The bioequivalence study for Midazolam should start before year-end****The result of the Barda call for tender is still expected**

### Fact

Crossject released H1 21 results. Revenues reached €3,176k vs €2.86m, operating result €-6,204k vs €-5,632k, and the net result €-5,450k vs €-5,258k. Gross cash at the end of H1 21 amounted to €9.2m vs €8.3m at the end of FY20.

### Analysis

As usual, we recall that 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 does the losses posted by the company. That said, the group's P&L looks roughly as it looked last year over the same period at the profit level. This is rather encouraging since expenses have gone up in line with the development of the group's projects, and mainly due to the increase of production and the licensing agreement with Eton Pharmaceuticals (Hydrocortisone) with a positive c. €450k impact on revenues. The operating free cash flow reached €-2.9m, here too in line with the usual cash-burn of the company. Even if the level of cash probably does not cover the group's need over the next one or two years, more licensing agreements are expected. The group also participated in July in the Barda call for tender (Zeneo Midazolam for paediatric use), the results of which are yet to come, with a degree of uncertainty concerning the timeframe (year-end?). This could, however, be a significant trigger for the group's visibility and, as a consequence, its share price. Crossject continues to prioritise Midazolam, Hydrocortisone and Adrenaline, particularly focusing its efforts on the US where prices are higher (as a reminder, the group created a subsidiary there last year). As far as Midazolam is concerned, the last batch has been produced and the bioequivalence study should be launched before year-end. For Adrenaline, technical batches were produced and stability tests are ongoing.

### Impact

All in all, no real surprise in the group's results and communication. A potential launch on the market is not yet in sight but some progress is being made by the day. Some patience is still required though.



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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: 233%</b>
Target Price (6 months)	€ 10.2
Share Price	€ 3.08
Market Cap. €M	78.0
Price Momentum	<b>GOOD</b>
Extremes 12Months	2.18 ▶ 4.03
Sustainability score	3.7 /10
Credit Risk	DDD ↗
Bloomberg	ALCJ FP Equity
Reuters	ALCJ.PA

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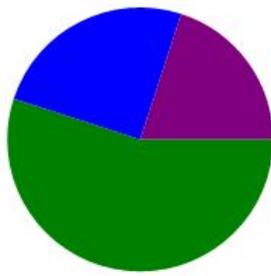


PERF	1w	1m	3m	12m
Crossject	-5.95%	1.99%	-5.67%	16.9%
Pharma	1.00%	-4.19%	3.93%	9.49%
STOXX 600	0.33%	-0.91%	3.18%	30.0%

Last updated: 02/09/2021	12/20A	12/21E	12/22E	12/23E
Adjusted P/E (x)	-5.33	-11.2	4.90	2.19
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-11.3	-17.0	4.77	2.44
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



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

## 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	€ 14.5	40%	● UCB
NAV/SOTP per share	€ 9.66	40%	● Faes Farma
P/E	€ 5.57	5%	● Hikma Pharmaceuti...
EV/Ebitda	€ 4.60	5%	● Ipsen
P/Book	€ 1.54	5%	
Dividend Yield	€ 0.00	5%	
TARGET PRICE	€ 10.2	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>-11.2</b>	<b>4.90</b>
Free cash flow yield	%	-18.2	-4.60	-44.8
P/Book	x	-52.1	-10.4	8.93
<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	78.0	77.5
+ 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	98.5	133
<b>EV/EBITDA(R)</b>	<b>x</b>	<b>-11.3</b>	<b>-17.0</b>	<b>4.77</b>
EV/Sales	x	13.2	16.8	2.56

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