


BUY

TARGET PRICE : 3,2€ (vs 4,1€)  +44%

2021 RESULTS AND CONFERENCE CALL

2021 RESULTS IN LINE, COMMERCIAL LAUNCH DELAYED

Crossject's full-year results were in line with our estimates on the whole. We were pleasantly surprised by its €10m cash position, reflecting lower CAPEX, but financial visibility remains fairly poor (estimated cash runway through Q4 22). Management also announced the launch of the bioequivalence study for ZENEO® Midazolam in Q2 22, and set out an market authorization timeline that is less ambitious than we previously expected. Based on our adjusted and updated model, our TP moves down to €3.2 (from €4.1). The company's production capacity has been structured and its strategic positioning adjusted, paving the way for 2022 to be a year of redemption for Crossject. BUY reiterated.

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Document achevé de
rédiger le 30/03/2022 11:11

Document publié le
30/03/2022 11:11

2021 results in line on the whole, OPEX were high

The FY 2021 results released Thursday after the closing bell were in line with our estimates on the whole. Operating income reached €6.8m (our estimate was for €6.9m), though sales came in at €0.9m, below our €2m estimate. The shortfall is attributable to the fact that we had factored in a larger milestone payment for Midazolam after the launch of the bioequivalence study that ended up being pushed back to Q2 22. OPEX rose by 13% to €18.6m (IS estimate: €18.1m), reflecting advances in production operations for the different clinical and technical batches, staff recruitment (personnel expenses +17%), and costs associated with the BARDA request for proposals for Midazolam. The EBIT loss widened slightly to €11.8m (IS estimate: -€11.2m) and the net loss ended the year at €10.7m (we were looking for -€10.6m).

Some delays in the timeline relative to our expectations

Management also took advantage of the conference call to discuss the company's outlook and its timeline. The plan is now for Crossject to produce the units of ZENEO® needed for the MAA, a bioequivalence study for ZENEO® Midazolam with the first injections planned in Q2 22, and the signature of new commercial agreements.

The goal is to submit the first MAAs in 2023. It typically takes 9-12 months to go from the MAA submission to commercialization, though agencies can in some cases respond more quickly if a situation is urgent (e.g.: Covid-19 crisis). According to management's timetable, the MAA will be submitted in Europe and the US in 2023 for ZENEO® Midazolam and Hydrocortisone, consistent with our expectations. On the other hand, the company now expects to submit the MAA for ZENEO® Adrenaline only in 2024, a year later than we had anticipated. It has also ceased efforts to develop ZENEO® Apomorphine to treat Parkinson's, which we had not factored into our valuation. Management says the company has not been impacted by the situation in Ukraine and Russia. Following this update, our model now puts the commercial launch of ZENEO® Hydrocortisone and ZENEO® Midazolam in 2024, a year later than previously anticipated, while the launches of ZENEO® Adrenaline and the other non-priority products have been pushed back by 18 months, to 2025. Note that in our model, the first sales of Midazolam (to BARDA) occur in 2022/23, before the market authorization. We have only included 50% of a potential deal.

in € / share	2022e	2023e	2024e
Adjusted EPS	-0,26	0,03	0,59
<i>chg.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>
<i>estimates chg.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>
au 31/12	2022e	2023e	2024e
PE	n.s.	71,8x	3,7x
EV/Sales	22,9x	3,7x	1,6x
EV/Adjusted EBITD	n.s.	7,6x	1,8x
EV/Adjusted EBITA	n.s.	14,4x	2,1x
FCF yield*	n.s.	3,9%	30,2%
Div. yield (%)	n.s.	n.s.	n.s.

* After tax op. FCF before WCR

key points			
Closing share price	25/03/2022		2,2
Number of Shares (m)			26,2
Market cap. (€m)			58
Free float (€m)			42
ISIN			FR0011716265
Ticker			ALCJ-FR
DJ Sector			Health Technology

	1m	3m	Ytd
Absolute perf.	-2,8%	-16,9%	-22,1%
Relative perf.	-3,8%	-14,2%	-18,5%

Source : Factset, Invest Securities estimates

Limited visibility on the cash runway

Crossject ended 2021 with €10m of cash, beating our €7.2m estimate, thanks to lower CAPEX. Taking into account the 2021 results, the free allocation of equity warrants in 2022, different forms of financial aids and reimbursements, we estimate that the cash runway extends through Q4 22, making visibility fairly poor relative to the development program. The company's financial outlook will depend on whether it signs new contracts or plans more dilutive transactions. With a steady news flow ahead this year, management is confident in its ability to adapt its financial resources to extend visibility further into the future.

TP lowered to €3.2 (vs. €4.1), BUY rating reiterated

After updating our model and moving the timeline back by a year, factoring in all the data from 2021 and adjusting our commercial launch target dates across the portfolio, we have lowered our TP to €3.2 (from €4.1). The new TP is based primarily on priority products. We are standing behind our BUY rating with 44% upside potential. Now that its production capacity is structured and its portfolio streamlined, 2022 could be a year of redemption for Crossject. Investors have not taken on board the possible selection of the company's bid by BARDA. That win could totally transform Crossject and lend credibility to all the developments underway.

FINANCIAL DATA

Share Information	2017	2018	2019	2020	2021	2022e	2023e	2024e
Published EPS (€)	-1,04	-1,47	-0,32	-0,41	-0,41	-0,27	0,03	0,59
Adjusted EPS (€)	-0,79	-0,56	-0,29	-0,37	-0,33	-0,26	0,03	0,59
<i>Diff. I.S. vs Consensus</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>
Dividend	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00

Valuation ratios	2017	2018	2019	2020	2021	2022e	2023e	2024e
P/E	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	71,8x	3,7x
EV/Sales	n.s.	n.s.	128,2x	3588,6x	77,3x	22,9x	3,7x	1,6x
EV/Adjusted EBITDA	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	7,6x	1,8x
EV/Adjusted EBITA	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	14,4x	2,1x
Op. FCF bef. WCR yield	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	3,9%	30,2%
Op. FCF yield	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	0,6%	23,2%
Div. yield (%)	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.

NB : valuation based on annual average price for past exercise

Entreprise Value (€m)	2017	2018	2019	2020	2021	2022e	2023e	2024e
Share price in €	5,1	3,2	1,9	2,2	3,1	2,2	2,2	2,2
Market cap.	58,1	58,1	58,1	58,1	58,1	58,1	58,1	58,1
Net Debt	5,3	4,1	5,8	12,8	11,5	20,4	22,6	8,4
Minorities	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Provisions/ near-debt	0,1	0,1	0,2	0,8	0,8	0,8	0,8	0,8
+/- Adjustments	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Entreprise Value (EV)	63,5	62,3	64,1	71,8	70,5	79,4	81,6	67,4

Income statement (€m)	2017	2018	2019	2020	2021	2022e	2023e	2024e
Sales	0,0	0,0	0,5	0,0	0,9	3,5	21,8	42,2
<i>chg.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>-96,0%</i>	<i>+4460,0%</i>	<i>+280,1%</i>	<i>+529,0%</i>	<i>+93,5%</i>
Adjusted EBITDA	-6,6	-7,7	-5,0	-5,8	-6,7	-5,8	10,8	37,4
adjusted EBITA	-8,6	-11,6	-8,6	-10,7	-11,8	-10,0	5,7	32,1
<i>chg.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>
EBIT	-8,9	-11,6	-8,6	-11,2	-11,7	-10,0	5,7	32,1
Financial result	0,2	-0,7	0,1	-0,3	-0,8	-0,4	-0,4	-0,4
Corp. tax	1,1	1,6	1,3	1,6	1,8	1,5	-4,2	-11,7
Minorities+affiliates	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Net attributable profit	-7,6	-10,7	-7,2	-9,8	-10,7	-8,9	1,0	20,0
Adjusted net att. profit	-7,6	-10,7	-7,2	-9,8	-10,7	-8,9	1,0	20,0
<i>chg.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>

Cash flow statement (€m)	2017	2018	2019	2020	2021	2022e	2023e	2024e
EBITDA	-6,6	-7,7	-5,0	-5,8	-6,7	-5,8	10,8	37,4
Theoretical Tax / EBITA	0,0	0,0	0,0	0,0	0,0	0,0	-1,9	-10,7
Capex	-4,2	-3,3	-4,4	-6,1	-6,4	-7,4	-5,7	-6,4
Operating FCF bef. WCR	-10,8	-11,0	-9,4	-11,9	-13,2	-13,2	3,2	20,3
Change in WCR	0,6	-1,0	-1,7	-0,5	-0,5	-0,6	-2,7	-4,7
Operating FCF	-10,2	-12,0	-11,1	-12,4	-13,6	-13,8	0,5	15,6
Acquisitions/disposals	0,0	0,0	0,0	0,0	-1,0	0,0	0,0	0,0
Capital increase/decrease	6,7	11,8	8,9	5,2	13,1	3,9	0,0	0,0
Dividends paid	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Other adjustments	1,3	0,9	1,4	1,4	1,0	1,1	-2,7	-1,4
Published Cash-Flow	-2,3	0,6	-0,8	-5,7	-0,5	-8,9	-2,2	14,2

Balance Sheet (€m)	2017	2018	2019	2020	2021	2022e	2023e	2024e
Assets	11,4	11,3	12,5	14,9	16,8	20,0	20,6	21,7
Intangible assets/GW	4,1	0,0	0,0	0,0	0,0	0,0	0,0	0,0
WCR	0,6	-1,0	-1,7	-0,5	-0,5	-0,6	-2,7	-4,7
Group equity capital	6,1	1,7	3,0	-1,1	-5,4	-10,4	-9,3	10,7
Minority shareholders	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Provisions	0,1	0,1	0,2	0,8	0,8	0,8	0,8	0,8
Net financial debt	5,3	4,1	5,8	12,8	11,5	20,4	22,6	8,4

Financial ratios	2017	2018	2019	2020	2021	2022e	2023e	2024e
EBITDA margin	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	49,5%	88,7%
EBITA margin	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	26,0%	76,2%
Adjusted Net Profit/Sales	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	4,8%	47,4%
ROCE	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	31,7%	188,8%
ROE adjusted	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	-11,2%	187,4%
Gearing	86,6%	244,7%	191,9%	n.s.	n.s.	n.s.	n.s.	78,7%
ND/EBITDA (in x)	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	2,1x	0,2x

Source : company, Invest Securities Estimates

INVESTMENT CASE

Crossject is developing its needle-free auto-injector ZENEO® for seven different indications. We appreciate how the company has adapted its strategy to focus on emergency treatments, which speeds up the approval process in the US and increases its chances of finding licensing partners quickly. For now, visibility on the cash runway remains limited, and uncertainty remains about the timing of its marketing authorization applications. It will need to sign more licensing deals across its pipeline to fully convince investors of the potential of its ZENEO® technology for use in emergency medical situations and to improve its risk profile.

SWOT ANALYSIS

STRENGTHS

- ❑ 7 products in the pipeline
- ❑ A best-in-class technology for a market with high unmet medical needs
- ❑ Industrial partnership with Cenexi

WEAKNESSES

- ❑ Possible pricing pressure
- ❑ Competitive market environment

OPPORTUNITIES

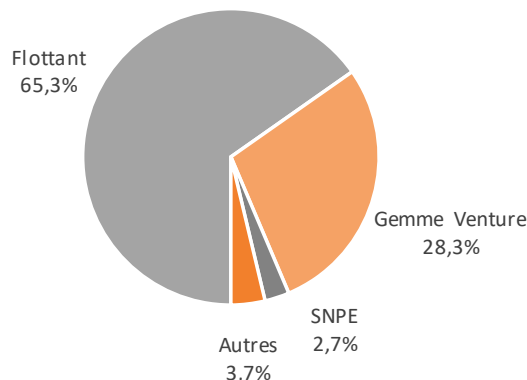
- ❑ Many potential uses for emergency treatment drugs
- ❑ Licensing agreements in the US and Europe
- ❑ Potential takeover target

THREATS

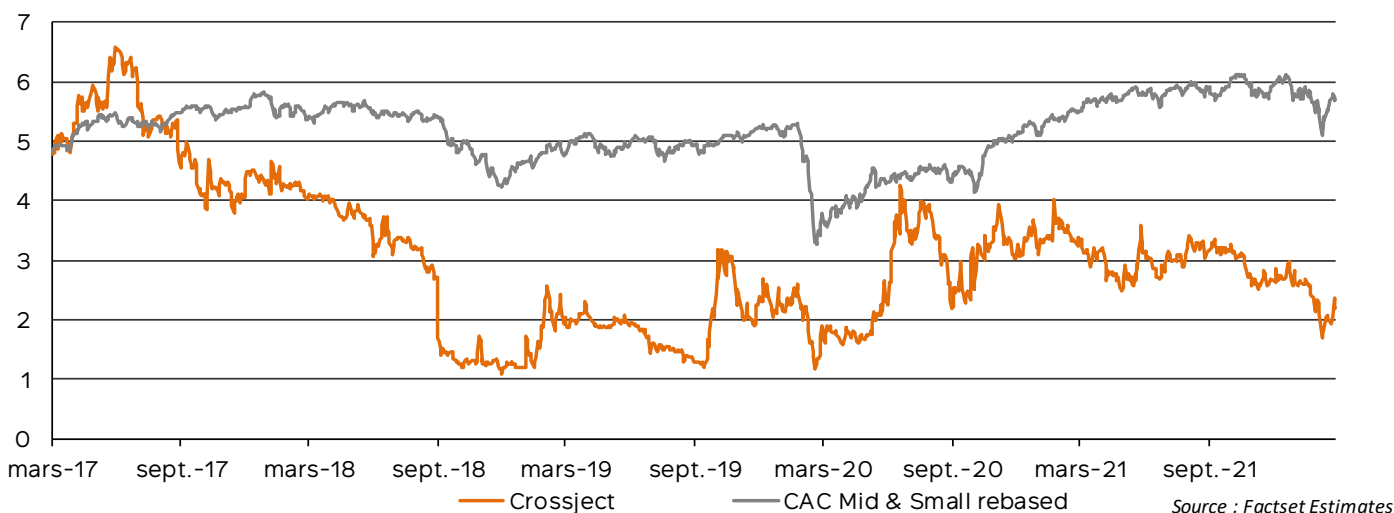
- ❑ Delays in clinical development
- ❑ Tight development timeframe

ADDITIONAL INFORMATION

Shareholders



SHARE PRICE CHANGE FOR 5 YEARS



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TARGET PRICE AND RECOMMENDATION

Our analyst ratings are dependent on the expected absolute performance of the stock on a 6- to 12-month horizon. They are based on the company’s risk profile and the target price set by the analyst, which takes into account exogenous factors related to the market environment that may vary considerably. The Invest Securities analysis office sets target prices based on a multi-criteria fundamental analysis, including, but not limited to, discounted cash flows, comparisons based on peer companies or transaction multiples, sum-of-the-parts value, restated net asset value, discounted dividends.

Ratings assigned by the Invest Securities analysis office are defined as follows:

- BUY: Upside potential of more than 10% (the minimum upside required may be revised upward depending on the company’s risk profile)
- NEUTRAL: Between -10% downside and +10% upside potential (the maximum required may be revised upward depending on the company’s risk profile)
- SELL: Downside potential of more than 10%
- TENDER or DO NOT TENDER: Recommendations used when a public offer has been made for the issuer (takeover bid, public exchange offer, squeeze-out, etc.)
- SUBSCRIBE or DO NOT SUBSCRIBE: Recommendations used when a company is raising capital
- UNDER REVIEW: Temporary recommendation used when an exceptional event that has a substantial impact on the company’s results or our target price makes it impossible to assign a BUY, NEUTRAL or SELL rating to a stock

12-MONTH HISTORY OF OPINION

Le tableau ci-dessous reflète l'historique des changements de recommandation et d'objectif de cours réalisés par le bureau d'analyse financière d'Invest Securities au cours des 12 derniers mois.

Company Name	Main Author	Release Date	Rating	Target Price	Potential
Crossject	Thibaut Voglimacci	15-déc.-21	ACHAT	4,1	+49%
Crossject	Thibaut Voglimacci	22-sept.-21	ACHAT	4,3	+39%
Crossject	Thibaut Voglimacci	13-avr.-21	NEUTRE	3,8	+28%

DETECTION OF CONFLICTS OF INTEREST

	Crossject
Invest Securities was lead manager or co-lead manager in a public offer concerning the financial instruments of this issuer during the last twelve months.	No
Invest Securities has signed a liquidity contract with the issuer.	No
Invest Securities and the issuer have signed a research service agreement.	Yes
Invest Securities and the issuer have signed a Listing Sponsor agreement.	No
Invest Securities has been remunerated by this issuer in exchange for the provision of other investment services during the last twelve months (RTO, Execution on behalf of third parties, advice, placement, underwriting).	No
This document was sent to the issuer prior to its publication. This rereading did not lead the analyst to modify the valuation.	No
This document was sent to the issuer for review prior to its publication. This rereading led the analyst to modify the valuation.	No
The financial analyst has an interest in the capital of the issuer.	No
The financial analyst acquired equity securities of the issuer prior to the public offering transaction.	No
The financial analyst receives remuneration directly linked to the transaction or to an investment service provided by Invest Securities.	No
An executive officer of Invest Securities is in a conflict of interest with the issuer and was given access to this document prior to its completion.	No
Invest Securities or the All Invest group owns or controls 5% or more of the share capital issued by the issuer.	No
Invest Securities or the All Invest group holds, on a temporary basis, a net long position of more than 0.5% of the issuer's capital.	No
Invest Securities or the All Invest group holds, on a temporary basis, a net short position of more than 0.5% of the issuer's capital.	No
The issuer owns or controls 5% or more of the capital of Invest Securities or the All Invest group.	No

La politique de gestion des conflits d'intérêts d'Invest Securities est accessible sur le site d'Invest Securities dans la rubrique Règlements. Une liste de toutes les recommandations diffusées sur 12 mois ainsi que la publication trimestrielle de la part des « ACHAT, VENDE, NEUTRE, AUTRES » sur 12 mois, sont accessibles sur le site de recherche d'Invest Securities.

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