

Recommendation:
BUY (BUY)

Risk:
HIGH (HIGH)

Price Target:
EUR 14.50 (14.50)

13 August 2010

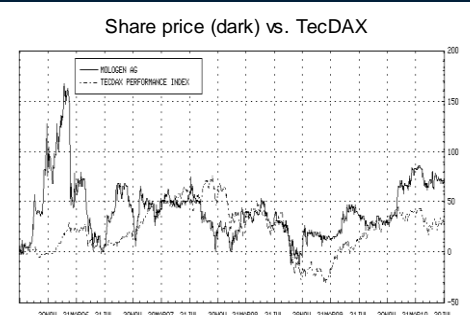
1H/2010 Results

- On 12 August 2010 MOLOGEN released its 2Q/2010 figures. The figures were mostly line in with our expectations. Revenues in 1H/2010 continued to remain low at EUR 36.0k (PY: EUR 34.0k). Cost of materials for 1H/2010 amounted to EUR 0.64m. For the second half of 2010 we expect these expenses to be much higher totalling EUR 1.6m in 2H/2010. The net loss in the first half of 2010 thus rose to ~EUR -3.0m (PY: EUR 2.4m).
- Company's assets mostly comprise of cash and cash equivalents in the amount of EUR 6.4m (as of 30 June 2010) which corresponds to 74% of total company's assets. The existing liquid funds of MOLOGEN AG secure the execution of all scheduled activities and clinical studies well into the year 2011. The company's equity ratio of 88% thus remains on a very high level.
- MOLOGEN intends to launch the phase I/II study for the gene therapy against kidney cancer MGN1601 as early as 4Q/2010E. Given that kidney cancer is quite a rare disease (~3-4% of all oncology diseases) the patient enrolment might be a long process, and despite a low estimated number of patients 24, phase I/II trial might take more than a year.
- Concerning colorectal cancer drug MGN1703, first preliminary results with regard to the goals to be achieved in the phase II study will likely be available in 1Q/2011. For the entire FY 2010E we expect cost of materials to amount to EUR 2.2m. Overall for 2H/2010E we expect operating costs to be higher than in 1H/2010 and amount to EUR 3.8m (1H/2010: EUR 2.8m), which will be driven by phase II trial with MGN1703 (started in June 2010) and the launch of MGN1601 in 4Q/2010 (For more details regarding quarterly breakdown of key P&L data see "2010 Estimates: Quarterly breakdown" in Appendix).
- We maintained our price target to EUR 14.50 and reiterate our BUY recommendation.

Key data

Y/E 31/12., EUR m	2007	2008	2009	2010E	2011E
Sales revenues	0.2	0.2	0.1	0.3	22.0
EBIT	-6.8	-6.3	-6.4	-6.4	10.0
Net income/loss	-6.5	-6.1	-6.3	-6.4	9.0
EPS	-0.69	-0.65	-0.64	-0.58	0.80
CPS	-0.55	-0.53	-0.52	-0.55	0.73
DPS	0.00	0.00	0.00	0.00	0.00
EBIT margin	neg.	neg.	neg.	neg.	45.43%
EV/EBIT	neg.	neg.	neg.	neg.	9.0
P/E	neg.	neg.	neg.	neg.	10.7

Source: MOLOGEN AG, CBS Research AG



Source: CBS Research AG, Bloomberg

Change	2009		2010E		2011E	
	new	old	new	old	new	old
Revenue	0.1	-	-	0.3	-	22.0
EBITDA	-5.9	-	-	-6.1	-	10.3
EPS	0.64	-	-	0.58	-	0.80

Internet: www.mologen.com Sector: Biotechnology
WKN: 663720 ISIN: DE0006637200
Reuters: MGNNG.DE Bloomberg: MGN GY

Short company profile

MOLOGEN AG is a biotechnology company researching and developing innovative DNA-based drugs to fight diseases that require a high degree of medical treatment.

Share data:

Share price (last closing price, EUR):	8.60
Shares outstanding (m):	11.16
Market capitalisation (EURm):	95.96
Enterprise value (EURm):	89.50
Ø daily trading volume (3 m., no. of shares):	4,449

Performance data:

High 52 weeks (EUR):	10.00
Low 52 weeks (EUR):	6.25
Absolute performance (12 months)	20.3%
Relative performance (vs. TecDAX)	
1 month	-1.6%
3 months	0.7%
6 months	-0.1%
12 months	11.5%

Shareholders:

Institutional investors	27.1%
Deutscher Ring Krankenversicherungsv.	10.0%
Bâloise Holding:	15.0%
Founder and management	6.7%
Free float:	41.2%

Financial calendar:

3Q/2010 Results	11 November 2010
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Appendix

2010 Estimates: Quarterly breakdown

IFRS EUR 1,000	1Q/2010	2Q/2010	1H/2010	2H/2010E	FY 2010E
Revenue	18	18	36	49	85
EBITDA	-1,462	-1,288	-2,750	-3,300	-6,050
as % of sales	n.m.	n.m.	n.m.	n.m.	n.m.
EBIT	-1,575	-1,402	-2,977	-3,423	-6,400
as % of sales	n.m.	n.m.	n.m.	n.m.	n.m.
EBT	-1,562	-1,397	-2,959	-3,411	-6,370
as % of sales	n.m.	n.m.	n.m.	n.m.	n.m.
Net result	-1,562	-1,397	-2,959	-3,411	-6,370
as % of sales	n.m.	n.m.	n.m.	n.m.	n.m.

Source: MOLOGEN AG; CBS Research AG

Profit and loss account

IFRS EUR 1,000	2007	2008	2009	2010E	2011E
Revenues	150	210	53	250	22,000
YoY growth	-96.5%	40.0%	-74.8%	371.7%	8700.0%
Other operating income	737	36	308	300	230
as % of sales	491.3%	17.1%	581.1%	120.0%	1.0%
Cost of materials	-1,567	-1,745	-2,173	-2,200	-6,600
as % of sales	-1044.7%	-831.0%	-4100.0%	-880.0%	-30.0%
Personnel expenses	-3,325	-2,084	-2,246	-2,300	-2,650
as % of sales	-2216.7%	-992.4%	-4237.7%	-920.0%	-12.0%
Depreciation and amortization	-536	-508	-471	-350	-286
as % of sales	-357.3%	-241.9%	-888.7%	-140.0%	-1.3%
Other operating expenses	-2,234	-2,212	-1,823	-2,100	-2,700
as % of sales	-1489.3%	-1053.3%	-3439.6%	-840.0%	-12.3%
EBIT	-6,775	-6,303	-6,352	-6,400	9,994
as % of sales	-4516.7%	-3001.4%	-11984.9%	-2560.0%	45.4%
Net financial results	304	212	68	30	200
EBT (Earnings before income taxes)	-6,471	-6,091	-6,284	-6,370	10,194
as % of sales	-4314.0%	-2900.5%	-11856.6%	-2548.0%	46.3%
Income taxes	0	0	0	0	-1,223
as % of EBT	0.0%	0.0%	0.0%	0.0%	-12.0%
Net income/loss	-6,471	-6,091	-6,284	-6,370	8,971
as % of sales	-4314.0%	-2900.5%	-11856.6%	-2548.0%	40.8%
Weighted average number of shares (in thousands)	9,317	9,378	9,803	10,907	11,155
Basic earnings per share (EUR)	-0.69	-0.65	-0.64	-0.58	0.80

Source: MOLOGEN AG; CBS Research AG

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BUY: The expected performance of the share price is above +10%.

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Recommendation history over the last 12 months for the company analysed in this report:

Date	Recommendation	Price at change date	Price Target
14 August 2009	BUY (Update)	EUR 7.15	EUR 14.17
11 November 2009	BUY (Update)	EUR 6.80	EUR 14.17

11 January 2010	BUY (Update)	EUR 7.17	EUR 14.30
07 April 2010	BUY (Update)	EUR 9.70	EUR 14.30
17 May 2010	BUY (Update)	EUR 8.75	EUR 14.30
14 June 2010	BUY (Update)	EUR 8.76	EUR 14.50
13 August 2010	BUY (Update)	EUR 8.60	EUR 14.50

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MEDIUM: The volatility is expected to be equal to the volatility of the benchmark

HIGH: The volatility is expected to be higher than the volatility of the benchmark

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