

Recommendation:
BUY (BUY)

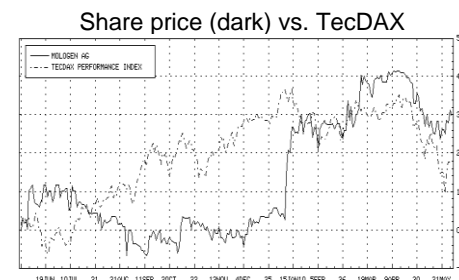
Risk:
HIGH (HIGH)

Price Target:
EUR 14.50 (14.30)

14 June 2010

Securing financing till mid 2011

- On 11 June 2010 MOLOGEN announced a capital increase by placing 500,000 new shares, or around 5% of the total share capital, issued at EUR 8.5 per share. Capital increase against cash contributions and excluding subscription rights resulted in a cash inflow of roughly EUR 4.3m. All shares have been placed with institutional investors.
- The amount raised is substantial, particularly considering the challenging economic environment. As a result of this capital injection, the share capital of MOLOGEN totals 11,158,348 EUR. The increase contributes share capital of ~EUR 0.5m and capital reserve of about ~EUR 3.8m. The registration of the capital increase with the respective commercial register is currently under preparation. The raised capital should be primarily used for the development of company's leading drug candidate MGN 1703.
- At the beginning of this year the company raised ~EUR 3.6m which also corresponded to 5% of the total share capital. This capital increase, completed on 11 June was similar to the previous one in terms of the amount of shares, however, given the significant increase of share price since the beginning of the year, the issue price of the last capital increase was essentially higher, which resulted in a considerable cash inflow.
- According to our estimates, including the newly raised capitals MOLOGEN is well financed at least till mid 2011E. As we have earlier noted, the primary purpose during this year will be further development of MGN1703 for the treatment of colorectal cancer. Given that we expect interim evaluation regarding phase II trial with MGN1703 to occur at the beginning of 2011E, which should be the basis for further out-licensing, the company has a sufficient cash position to reach this target.
- We increased our price target to EUR 14.50 and reiterate our BUY recommendation.



Sources: CBS Research AG, Bloomberg

Change	2010e		2011E		2012E	
	new	old	new	old	new	old
Sales	0.3	-	22.0	-	20.4	-
EBIT	-6.4	-	10.0	-	7.3	-
EPS	-0.58	-0.60	0.80	0.84	0.60	0.63

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

Share data:

Share price (last closing price)	EUR 8.76
Shares outstanding (m):	11.16
Market capitalisation (EURm):	97.72
Enterprise value (EURm):	89.00
Ø daily trading volume (no. of shares):	10,163

Performance data:

High 52 weeks:	10.00
Low 52 weeks:	6.25
Absolute performance (12 months):	1.29
Relative performance (vs. TecDAX):	
1 month	-1.15%
3 months	-7.97%
6 months	15.57%
12 months	-2.83%

Shareholders:

Institutional investors:	30.4%
Deutscher Ring Krankenversicherungsv.:	10.0%
Bäloise Holding:	13.2%
Founder and management:	6.3%
Free float:	40.1%

Financial calendar:

H2/2010 12 August 2010

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Key data

Y/E 31/12., EUR m	2008	2009	2010E	2011E	2012E
Sales revenues	0.2	0.1	0.3	22.0	20.4
EBIT	-6.3	-6.4	-6.4	10.0	7.3
Net income/loss	-6.1	-6.3	-6.4	9.0	6.7
EPS	-0.65	-0.64	-0.58	0.80	0.60
CPS	-0.53	-0.52	-0.55	0.73	0.73
DPS	0.00	0.00	0.00	0.00	0.00
EBIT margin	neg.	neg.	neg.	45.43%	35.92%
EV/EBIT	neg.	neg.	neg.	9.1	12.4
P/E	neg.	neg.	neg.	10.9	14.6

Source: MOLOGEN AG, CBS Research AG

MOLOGEN

Profit and loss account

IFRS EUR 1,000	2008	2009	2010E	2011E	2012E
Revenues	210	53	250	22,000	20,400
YoY growth	40.0%	-74.8%	371.7%	8700.0%	-7.3%
Other operating income	36	308	300	230	350
as % of sales	17.1%	581.1%	120.0%	1.0%	1.7%
Cost of materials	-1,745	-2,173	-2,200	-6,600	-8,300
as % of sales	-831.0%	-4100.0%	-880.0%	-30.0%	-40.7%
Personnel expenses	-2,084	-2,246	-2,300	-2,650	-1,428
as % of sales	-992.4%	-4237.7%	-920.0%	-12.0%	-7.0%
Depreciation and amortization	-508	-471	-350	-286	-645
as % of sales	-241.9%	-888.7%	-140.0%	-1.3%	-3.2%
Other operating expenses	-2,212	-1,823	-2,100	-2,700	-3,050
as % of sales	-1053.3%	-3439.6%	-840.0%	-12.3%	-15.0%
EBIT	-6,303	-6,352	-6,400	9,994	7,327
as % of sales	-3001.4%	-11984.9%	-2560.0%	45.4%	35.9%
Net financial results	212	68	30	200	250
EBT (Earnings before income taxes)	-6,091	-6,284	-6,370	10,194	7,577
as % of sales	-2900.5%	-11856.6%	-2548.0%	46.3%	37.1%
Income taxes	0	0	0	-1,223	-909
as % of EBT	0.0%	0.0%	0.0%	-12.0%	-12.0%
Net income/loss	-6,091	-6,284	-6,370	8,971	6,668
as % of sales	-2900.5%	-11856.6%	-2548.0%	40.8%	32.7%
Weighted average number of shares (in thousands)	9,378	9,803	10,907	11,155	11,155
Basic earnings per share (EUR)	-0.65	-0.64	-0.58	0.80	0.60

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

HOLD: The expected performance of the share price is between 0% and +10%.

SELL: The expected performance of the share price is below 0%.

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

Date	Recommendation	Price at change date	Price Target
10 July 2009	BUY (Initiating Coverage)	EUR 7.35	EUR 14.17
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

Risk-scaling System:

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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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