

Recommendation:
BUY (BUY)

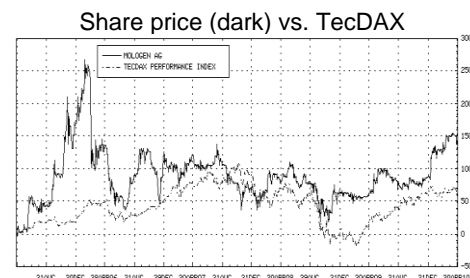
Risk:
HIGH (HIGH)

Price Target:
EUR 14.30 (14.30)

17 May 2010

First quarter 2010 results

- On 12 May 2010 MOLOGEN AG posted its financial figures for 1Q2010. Overall, figures were in line with our expectations. Sales were insignificant totalling EUR 18.0k in 1Q2010 (PY: EUR 14.0k). Operating result amounted to EUR -1.6m in the first three months (PY: -0.9), mostly due to higher cost of materials and other operating expenses which came in at EUR -0.29m (PY: EUR -0.17m) and EUR -0.58m (PY: EUR -0.31m) respectively. Also personnel costs to the tune of EUR -0.61m were higher than in the prior year (PY: EUR -0.43m), which is explained by restructuring in relation to the new hires for the department of clinical development, one-time effects caused by bonus payments, and a moderate increase in salaries.
- The increase of R&D investments is primarily related to the preparations for the clinical phase II study with the cancer medicine MGN1703. For the rest of the year the development of this compound should further remain the main priority of MOLOGEN.
- Company's assets mostly comprise of cash and cash equivalents in the amount of EUR 4.5m (as of 31 March 2010) which corresponds to 68% of total company's assets. This cash position should be sufficient to reach interim evaluation regarding phase II trial with MGN1703, which we expect to occur at the beginning of 2011E.
- There are several important catalysts for MOLOGEN anticipated for the rest of FY 2010, including start of phase II trial with MGN1703 for the treatment of colorectal cancer expected in May 2010 (official approval for trial received in March 2010) and obtaining the official approval for the execution of a phase I/II trial with MGN1601 for the treatment of advanced renal cancer, which should occur in 3Q2010 as well as consequent commence of this clinical study which we expect to occur in late 2010.
- We retain our price target of EUR 14.30 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	-6.5	10.0	-	7.3	-
EPS	-0.60	-0.61	0.84	-	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 8.75
Shares outstanding (m):	10.66
Market capitalisation (EURm):	93.00
Enterprise value (EURm):	88.50
Ø daily trading volume (no. of shares):	6,092

Performance data:

High 52 weeks:	10.00
Low 52 weeks:	6.25
Absolute performance (12 months):	2.39
Relative performance (vs. TecDAX):	
1 month	-10.24%
3 months	-9.22%
6 months	21.02%
12 months	6.55%

Shareholders:

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

Financial calendar:

Annual General Meeting 2010 07 June 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	-0.60	0.84	0.63
CPS	-0.53	-0.52	-0.56	0.76	0.77
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.	9.7	13.2
P/E	neg.	neg.	neg.	11.5	15.5

Source: MOLOGEN AG, CBS Research AG

Appendix

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%
Shares outstanding (in thousands)	9,378	9,803	10,629	10,655	10,655
Basic earnings per share (EUR)	-0.65	-0.64	-0.60	0.84	0.63

Source: MOLOGEN AG; CBS Research AG

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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

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The figures taken from the income statement, the cash flow statement and the balance sheet upon which the evaluation of companies is based are estimates referring to given dates and therefore subject to risks.

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