



**Independent Research**

Unabhängige Finanzmarktanalyse GmbH

## **Investment Research**

# **MOLOGEN AG**

**9M 2008 results**

**11/18/2008**

**Please notice the information on the preparation of this document, the disclaimer, the advice regarding possible conflicts of interests, and the mandatory information required by § 34b WpHG (Securities Trading Law) at the end of this document. This financial analysis in accordance with § 34b WpHG is exclusively intended for distribution to individuals that buy or sell financial instruments at their own account or at the account of others in connection with their trading activities, occupation, or employment.**

## Cost discipline lowers cash burn

### Publication of 9M 2008 results

- ⇒ In 9M 2008, sales totalled EURO.1m (0.1). The cost discipline is a positive sign. EBIT fell slightly to EUR-4.8m (-4.4), whereas losses decreased \*on a like-for-like basis (adjusted for one-off gain). The net deficit reached EUR-4.6m (-4.2). Development of the cash burn rate was encouraging. In 9M 2008, it was EURO.4m per month (our forecast: 0.6).
- ⇒ In Q3 2008, MOLOGEN made further progress in its clinical trial (Phase I) of the important cancer drug MGN1703. According to the company, the Phase IIa clinical trial is going to start at the beginning of 2009e and will be concluded already in H2 2009e. This would be an important step as it would allow MOLOGEN to look for partners for the product and to receive a first up-front payment. In addition, MOLOGEN will start the Phase IIb clinical trial in mid 2009e.
- ⇒ MOLOGEN is currently preparing an approval-related Phase I/II clinical trial of MGN1601 (cell-based gene therapy against renal cell cancer) in Europe. However, progress is slower than expected at the company's partners in India and China. Therefore, we assume that the milestone payment to the amount of EUR1m to be made by the company's Chinese partner will be delayed until 2010e (before: 2008e). Delays of this kind are not unusual. In our view, it is much more crucial for MOLOGEN to make good headway with its cancer drug MGN1703.
- ⇒ We revise upwards our EPS forecasts to EUR-0.73 (before: -0.84) for 2008e and EUR-0.52 (before: -0.89) for 2009e. In our opinion, the drop in share price reflects the current uncertainty regarding the refinancing opportunities for the biotech industry. These concerns are not unjustified. Based on the current cash burn rate the company's liquidity will last for another 10 months. Up to now, MOLOGEN always managed to raise new money, to which the company's shareholding structure (e.g. Deutscher Ring, Salvator) should contribute as well. With a new price target of EUR14.70 (before: 13.60), we reaffirm our Buy recommendation.

AP	FY	Sales	EBIT	EBT	EAT	EPS
IFRS	2006	5,227	417	617	611	0.07
IFRS	2007	150	-6,290	-5,986	-5,986	-0.65
IFRS	2008E	100	-6,936	-6,776	-6,780	-0.73
IFRS	2009E	11,420	-4,796	-4,846	-4,850	-0.52
IFRS	2010E	11,260	-13,870	-13,970	-13,974	-1.50
CAGR 2006 - 2010E		21.1%	-	-	-	-

Figures in EURk except EpS, hist. PERs based on averaged share prices

## MOLOGEN AG 4)

**Recommendation: Buy**

**before:**

as of

-

-

<b>Price target</b> (in EUR) (6 months)	<b>14.70</b>
Share price(Xetra) (in EUR)	4.75
11/14/08 3:14 PM	
Share price potential	209.47%

### Company date

Country	GE
Sector	Biotechnology
Market segment	General Standard
ISIN	DE0006637200
Reuters	MGNG.DE
Bloomberg	MGN
Internet	www.molgen.com

### Data shares

Shares (m)	9.378
Freefloat	61.80%
Market cap. (EURm)	44.5
∅ Trading Volume	11,325
52W High 06/06/08	EUR8.30
52W Low 11/14/08	EUR4.03
Beta	1.5
Volatility (60 days)	85.28

### Multiples

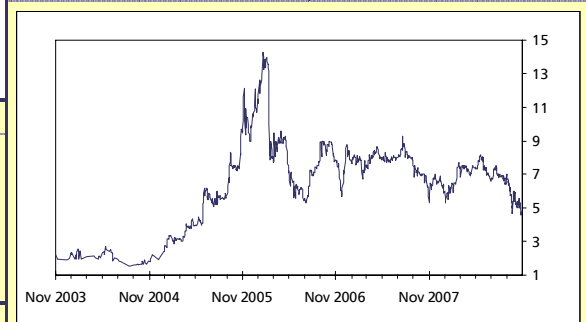
	EV/Sales	EV/EBIT	P/E ratio	Dividend yield
2006	13.0	162.8	115.5	0.0%
2007	350.2	neg.	neg.	0.0%
2008E	402.5	neg.	neg.	0.0%
2009E	3.5	neg.	neg.	0.0%
2010E	3.6	neg.	neg.	0.0%

### Performance (in %)

	1m	3m	6m	12m
absolut	-20.8	-32.1	-35.3	-16.2
related to:				
DAX	-17.7	-4.9	0.7	38.6
CDAX	-15.5	-1.0	3.2	25.7

### Index Weighting

CDAX	0.006%
------	--------



Author: S. Röhle (analyst)

1)2)3)4) Please notice the advice regarding possible conflicts of interests as well as the disclaimer at the end of this document

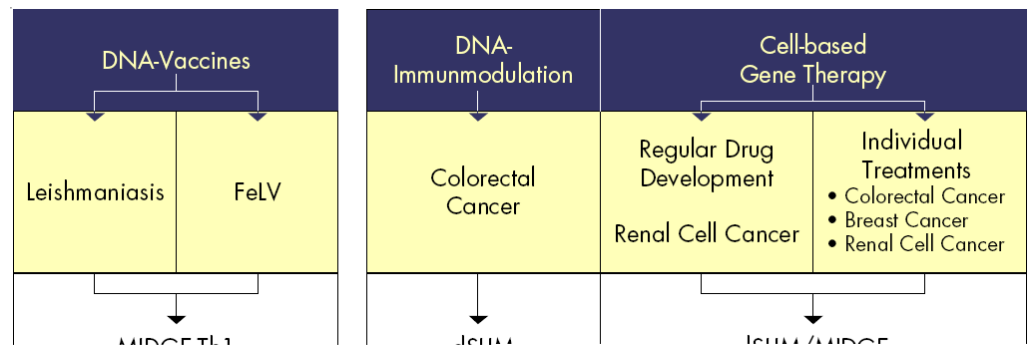
### Company profile

*Development of novel products to treat cancer and infectives*

MOLOGEN is a Berlin-based biotechnology company specialising in the treatment of diseases previously untreatable or insufficiently treatable of the indication areas cancer and infectives (animal and human being). In particular, MOLOGEN develops DNA-based vaccines and therapeutics aimed at prophylaxis and treatment. The therapies are based on two patented technologies developed by MOLOGEN itself: MIDGE (Minimalistic Immunologically Defined Gene Expression) and dSLIM (double Stem Loop Immuno Modulator). Both technologies have in common that they make use of DNA structures (desoxyribosenucleic acid, which contains genetic information of all creatures), which are used as a drug in the therapy. MIDGE works as gene transfer, which differs from other vectors (viral vector, plasmid vectors, amongst others) due to its small size and a very high specificity of genetic information and which shows a very high safety and efficacy as was proved by studies. In the Anti-Infectives segment, MIDGE is a basis for a DNA vaccine (MIDGE-Th1), producing a specific cellular and humoral immune reaction against viruses, bacteria or parasites and destroying those. dSLIM is a DNA-based immune modifier and TLR9 agonist developed by MOLOGEN which activates the immune system and thus causes a natural defence reaction to cancer cells. The use of dSLIM and MIDGE takes place individually or in a combined way depending on the field of therapy.

Currently, 44 people are employed in the group, 31 of them in Research & Development, 8 in administration as well as 5 as temporary personnel.

*Platform technologies*



<sup>1)2)3)4)</sup> Please notice the advice regarding possible conflicts of interests as well as the disclaimer at the end of this document

## Strong cost discipline in 9M 2008

*Adjusted loss down year-on-year*

### Figures slightly better than expected on cost side

With sales of EURO.1m (0.1), there was no significant increase in 9M 2008. Up to now, we assumed anyway that major milestone payments (like from the company's Chinese activities in the field of cell-based gene therapy) would occur rather towards the end of the fiscal year. EBIT losses widened somewhat to EUR-4.8m (-4.4). However, MOLOGEN had made a one-off gain of EURO.6m on the sale of its Spanish subsidiary Vivotecnia in 9M 2007 so that like-for-like EBIT would have been EUR-5.0m in the year-ago reference period. Given the company's considerable R&D expenses, especially in connection with the clinical Phase I of the cancer drug MGN1703 (DNA immune modifier), we highly appreciate the demonstrated cost discipline. On net level, the company recorded a deficit of EUR-4.6m (-4.2).

*Cash burn rate remains lower than expected in 9M 2008*

In our opinion, development of the cash burn rate was encouraging. It was EUR3.7m in 9M 2008 or, respectively, EURO.4m per month, which remained markedly below our forecast of EURO.6m per month. As of September 30, 2008, the company's liquidity position amounted to EUR4.3m (December 31, 2007: 8.0). Based on the cash burn rate registered in 9M 2008, the company's cash resources will last for another 10 months or, based on our former estimate of EURO.6m, for 7.5 months.

*First substantial up-front payments realistic at end of 2009e*

### Further progress in clinical trials for MGN1703

In Q2 2008, MOLOGEN started treating the first patient with its cancer drug MGN1703 (DNA immune modifier) in the course of a clinical trial (Phase I). The study investigates safety, tolerability and immunogenicity of the product. According to MOLOGEN, the study is running successfully and according to plan. The company is currently preparing the subsequent clinical Phase IIa, which is to start after conclusion of Phase I in Q1 2009e. During Phase IIa, MOLOGEN will concentrate primarily on the indication of colorectal cancer (369,000 indications per year in Europe and the US; source: MOLOGEN, IARC). MOLOGEN says that the Phase IIa trial will be concluded already in H2 2009e. This would be an important step as it would allow MOLOGEN to look for partners and to issue licences of the product later on, as well as to receive a first up-front payment of a low double-digit million euro amount. In addition, MOLOGEN will start the Phase IIb clinical trial in mid 2009e.

<b>MOLOGEN AG</b>					
<b>Selected profit &amp; loss account figures Q3 and 9M 2008</b>					
<b>Unit:</b>	EURm				
<b>End of fiscal year:</b>	Dec 31	<b>Q3 2007</b>	<b>Q3 2008</b>	<b>9M 2007</b>	<b>9M 2008</b>
<b>Reporting standard:</b>	IFRS				
<b>Revenue</b>		<b>0.0</b>	<b>0.0</b>	<b>0.1</b>	<b>0.1</b>
yoy change in %		-	-	-	-
<b>EBIT</b>		<b>-1.5</b>	<b>-1.5</b>	<b>-4.4</b>	<b>-4.8</b>
in % of revenues		neg.	neg.	neg.	neg.
<b>Net profit/loss for the year</b>		<b>-1.5</b>	<b>-1.4</b>	<b>-4.2</b>	<b>-4.6</b>
in % of revenues		neg.	neg.	neg.	neg.

Source: MOLOGEN AG

<sup>1)2)3)4)</sup> Please notice the advice regarding possible conflicts of interests as well as the disclaimer at the end of this document

*First clinical trials of cell-based gene therapy being prepared*

### Next step in cell-based gene therapy against renal cell cancer

MOLOGEN is currently preparing an approval-related Phase I/II clinical trial of the active substance MGN1601 (cell-based gene therapy against renal cell cancer) in Europe. A license of the drug has already been granted to partners in India and China. The drug is to be used in hospitals in both of these countries in order to confirm its efficacy. In our opinion, the cell-based gene therapy is an innovative one. However, we believe that the DNA immune modifier MGN1703 has a significantly greater potential with regard to the number of patients addressed, convenience of use, and expected sales.

### Outlook and forecasts

*Delay with MGN1601 in China...*

The company's figures were better than expected, especially on the cost side. However, the number of patients receiving treatment with the cell-based gene therapy increases more slowly than expected in India and China. Therefore, we assume that the milestone payment to the amount of EUR1m to be made by the company's Chinese business partner (upon treatment approval in China) will be delayed until 2010e (before: 2008e; possibly earlier, in 2009e). The situation is similar with a milestone payment that MOLOGEN is to receive for its vaccine against leishmaniasis in dogs. Delays of this kind are not unusual in the biotech sector. According to MOLOGEN, approval of the leishmaniasis drug will probably not be delayed despite the postponed milestone payment. From our point of view, it is crucial that MOLOGEN is making good headway with its Phase I trial of the important cancer drug MGN1703 and that the company will likely receive first substantial up-front payments in the course of the issuance of licenses for individual indications in 2009e. By comparison, the delayed milestone payment for the cell-based gene therapy from China is less significant.

*...might become less significant due to progress with dSLIM*

*Slight change to our forecasts*

In view of the lower sales base but also the improved cost base, we lower our sales forecast for 2008e to EUR100,000 (before: 1,520,000). Furthermore, we predict EBIT of EUR-6,936,000 (before: -7,976,000) and a net income of EUR-6,780,000 (before: -7,820,000). This would correspond to EPS of EUR-0.73 (before: -0.84). For 2009e, we now predict EPS of EUR-0.52 (before: -0.89).

<b>MOLOGEN AG</b>					
<b>Estimates of selected profit &amp; loss account figures</b>					
<b>Unit:</b>	EUR 1,000				
<b>End of fiscal year:</b>	Dec 31	<b>2008E</b>	<b>2008E</b>	<b>2009E</b>	<b>2009E</b>
<b>Reporting standard:</b>	IFRS	old	new	old	new
<b>Revenue</b>		<b>1,520</b>	<b>100</b>	<b>10,660</b>	<b>11,420</b>
yoy change in %		913%	-97%	601%	11320%
<b>EBIT</b>		<b>-7,976</b>	<b>-6,936</b>	<b>-8,279</b>	<b>-4,796</b>
in % of revenues		neg.	neg.	neg.	neg.
<b>Net profit/loss for the year</b>		<b>-7,820</b>	<b>-6,780</b>	<b>-8,333</b>	<b>-4,850</b>
in % of revenues		neg.	neg.	neg.	neg.
<b>EPS (in Euro)</b>		<b>-0.84</b>	<b>-0.73</b>	<b>-0.89</b>	<b>-0.52</b>

Source: Independent Research

<sup>1)2)3)4)</sup> Please notice the advice regarding possible conflicts of interests as well as the disclaimer at the end of this document

## Valuation

---

### *Model specification: DCF valuation of MOLOGEN*

---

Our valuation of MOLOGEN AG is based on a two-stage DCF model. Stage I covers our detailed forecasts for the profit and loss account until 2017e. Our forecast for Stage II (after 2017e) is conservative in that we do not assume any further growth of the free cash flow (FCF). Apart from the sales and profit contributions generated by the dSLIM technology, the DCF model also incorporates royalties from the issuance of licenses for the leishmaniasis vaccine (veterinary) and our estimate for proceeds from cell-based gene therapy treatment (premise: treatment approval in China).

Our model is based on the assumption that MOLOGEN will issue licenses for all four dSLIM indications (CRC, NSCLC, BC, RCC) after Stage II. We estimate the up-front payment at EUR10m, the milestone payments for Stage III at EUR5m and, respectively, at EUR15m upon approval, and the royalty rate at 10% (except dSLIM CRC: 12.5%). We did not take into account any other possible licence proceeds for our valuation given the great uncertainty regarding the actual realisation of such deals.

---

### *Model parameters*

---

We hold on to the model parameters of our initial valuation. We assume a risk-free interest rate of 4.5%. The risk premium is 10.0% on equity and 8.0% on debt capital. We also assumed a beta of 1.5. With respect to the long-term target balance sheet structure we presume a relation of 70% in equity versus 30% in debt capital. These premises lead to a WACC of 17.5%.

Based on the assumptions mentioned above, the company's equity now has a market value of EUR137.5m (before: 127.1). With 9.317m shares outstanding, this corresponds to a fair value of EUR14.76 (before: 13.64) per share. The deviation from our last calculated fair value is partially due to our reduced cost base estimate. This is opposed to a negative effect from a decline in liquid funds (EUR-1.3m or, respectively, EUR-0.14 per share) and a positive effect from the discount date's moving forward since the last valuation date (EUR+0.61 per share). In conclusion, our new price target is EUR14.70 (before: 13.60).

---

### *Price target: EUR14.70 (before: 13.60); Recommendation: Buy*

---

<b>DCF model MOLOGEN AG</b>										
<b>in EURm</b>	<b>2008E</b>	<b>2009E</b>	<b>2010E</b>	<b>2011E</b>	<b>2012E</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>	<b>2017E</b>
Sales	<b>0.1</b>	<b>11.4</b>	<b>11.3</b>	<b>27.1</b>	<b>35.0</b>	<b>62.0</b>	<b>100.2</b>	<b>103.9</b>	<b>137.2</b>	<b>146.2</b>
Sales growth	150%	11320%	-1%	141%	29%	77%	62%	4%	32%	7%
EBIT margin	neg.	neg.	neg.	22.6%	59.0%	68.4%	73.3%	72.2%	74.0%	73.3%
<b>EBIT</b>	<b>-6.9</b>	<b>-4.8</b>	<b>-13.9</b>	<b>6.1</b>	<b>20.7</b>	<b>42.4</b>	<b>73.5</b>	<b>75.1</b>	<b>101.6</b>	<b>107.2</b>
- Income tax	0.0	0.0	0.0	0.0	-3.3	-8.5	-22.1	-22.5	-30.5	-32.2
+ Depreciation	0.5	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.8	0.8
+/- Change in long-term provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Operating cash flow</b>	<b>-6.4</b>	<b>-4.2</b>	<b>-13.3</b>	<b>6.7</b>	<b>18.0</b>	<b>34.6</b>	<b>52.2</b>	<b>53.3</b>	<b>71.9</b>	<b>75.9</b>
-/+ Change in working capital	-1.0	-1.0	-1.0	-1.2	-1.1	-1.9	-3.0	-3.1	-4.1	-4.4
-/+ Net capital expenditure	-0.8	-0.8	-1.0	-1.0	-1.2	-2.2	-3.5	-3.6	-4.8	-5.1
<b>Free cash flow</b>	<b>-8.1</b>	<b>-6.0</b>	<b>-15.3</b>	<b>4.5</b>	<b>15.7</b>	<b>30.6</b>	<b>45.7</b>	<b>46.5</b>	<b>63.0</b>	<b>66.4</b>
<b>Present values</b>	<b>-8.0</b>	<b>-4.9</b>	<b>-10.5</b>	<b>2.6</b>	<b>7.6</b>	<b>12.5</b>	<b>15.6</b>	<b>13.3</b>	<b>15.2</b>	<b>13.4</b>
Sum of present values	56.8									
Terminal value	76.4									
									in % of total value:	57%
Value of operative business (EURm)	133.2									
+ Excess cash (EURm)	4.3									
- Financial debt (EURm)	0.0									
<b>Fair value of equity (EURm)</b>	<b>137.5</b>									
<b>Number of shares (m)</b>	9.317									
<b>Fair value per share in EUR</b>	<b>14.76</b>									

<b>Model parameters / Entity DCF model:</b>			
Long-term capital structure ->	Equity:	70%	Financial debt: 30%
Risk free rate of return: 4.5%	Beta:	1.5	Risk premium debt: 8.0%
	Risk premium:	10.0%	Tax shield: 0%
	Cost of equity:	19.7%	Cost of debt: 12.5%
<b>Growth rate FCF: 0.0%</b>	<b>WACC :</b>	<b>17.5%</b>	<b>Date: 11/17/08</b>

Source: Independent Research

### Sensitivity analysis

In order to illustrate how the equity value responds to changes in growth of the free cash flow in Stage II and in the WACC, we have made a sensitivity analysis.

<b>Sensitivity analysis (in EUR)</b>					
		<b>discount rate</b>			
		17.0%	17.5%	18.0%	18.5%
<b>growth</b>	0.0%	15.67	<b>14.76</b>	13.91	13.11
	0.5%	15.98	15.04	14.16	13.34
	1.0%	16.32	15.34	14.43	13.59
	1.5%	16.67	15.66	14.72	13.85

Source: Independent Research

1)2)3)4) Please notice the advice regarding possible conflicts of interests as well as the disclaimer at the end of this document

<b>MOLOGEN AG</b>												
<b>Profit and loss account</b>												
Unit: EUR1,000												
End of fiscal year: Dec 31												
Reporting standard: IFRS												
	2006	2007	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E	2016E	2017E
<b>Revenue</b>	<b>5,227</b>	<b>150</b>	<b>100</b>	<b>11,420</b>	<b>11,260</b>	<b>27,135</b>	<b>35,016</b>	<b>62,025</b>	<b>100,249</b>	<b>103,890</b>	<b>137,168</b>	<b>146,177</b>
yoyin %	57%	-97%	-33%	11320%	-1%	141%	29%	77%	62%	4%	32%	7%
Others (e.g. cell-based gene therapy)	5,227	150	100	1,120	1,260	1,386	1,525	1,677	1,845	2,029	2,232	2,455
MGN1703/dSLIM CRC	0	0	0	10,000	0	5,000	26,978	24,099	36,366	48,779	61,339	49,366
MGN1703/dSLIM NSCLC	0	0	0	0	10,000	0	5,000	23,956	18,019	27,191	36,472	45,864
MGN1703/dSLIM BC	0	0	0	0	0	10,000	0	5,000	24,048	18,204	27,470	36,846
MGN1703/dSLIM RCC	0	0	0	0	0	10,000	0	5,000	16,883	3,789	5,717	7,669
Leishmaniasis (vet)	0	0	0	300	0	749	1,513	2,293	3,088	3,898	3,937	3,977
Other operating income	465	737	200	200	200	200	200	200	200	200	200	200
Increase/decrease in stocks finished products	80	0	100	100	100	100	100	100	100	100	100	100
<b>Cost of Goods Sold</b>	<b>-667</b>	<b>-30</b>	<b>-14</b>	<b>-38</b>	<b>-78</b>	<b>-416</b>	<b>-457</b>	<b>-503</b>	<b>-553</b>	<b>-609</b>	<b>-670</b>	<b>-737</b>
Others (e.g. cell-based gene therapy)	-667	-30	-14	-38	-78	-416	-457	-503	-553	-609	-670	-737
MGN1703/dSLIM CRC	0	0	0	0	0	0	0	0	0	0	0	0
MGN1703/dSLIM NSCLC	0	0	0	0	0	0	0	0	0	0	0	0
MGN1703/dSLIM BC	0	0	0	0	0	0	0	0	0	0	0	0
MGN1703/dSLIM RCC	0	0	0	0	0	0	0	0	0	0	0	0
Leishmaniasis (vet)	0	0	0	0	0	0	0	0	0	0	0	0
<b>Gross profit</b>	<b>5,105</b>	<b>857</b>	<b>386</b>	<b>11,683</b>	<b>11,482</b>	<b>27,019</b>	<b>34,858</b>	<b>61,822</b>	<b>99,995</b>	<b>103,581</b>	<b>136,799</b>	<b>145,740</b>
<b>Research &amp; Development</b>	<b>0</b>	<b>-1,567</b>	<b>-1,748</b>	<b>-10,210</b>	<b>-18,355</b>	<b>-12,983</b>	<b>-5,252</b>	<b>-9,304</b>	<b>-15,037</b>	<b>-15,584</b>	<b>-20,575</b>	<b>-21,927</b>
Others (e.g. cell-based gene therapy)	0	-150	-150	-1,200	-2,500	-2,500	-5,252	-9,304	-15,037	-15,584	-20,575	-21,927
MGN1703/dSLIM CRC	0	-1,420	-1,598	-4,680	0	0	0	0	0	0	0	0
MGN1703/dSLIM NSCLC	0	-50	0	-4,230	-5,460	0	0	0	0	0	0	0
MGN1703/dSLIM BC	0	-50	0	-50	-5,985	-6,510	0	0	0	0	0	0
MGN1703/dSLIM RCC	0	-50	0	-50	-4,410	-3,973	0	0	0	0	0	0
Leishmaniasis (vet)	0	0	0	0	0	0	0	0	0	0	0	0
<b>General &amp; Administrative</b>	<b>-4,688</b>	<b>-5,580</b>	<b>-5,574</b>	<b>-6,268</b>	<b>-6,997</b>	<b>-7,904</b>	<b>-8,933</b>	<b>-10,102</b>	<b>-11,431</b>	<b>-12,942</b>	<b>-14,659</b>	<b>-16,612</b>
Salaries	-2,339	-2,810	-2,838	-3,193	-3,592	-4,131	-4,750	-5,463	-6,282	-7,225	-8,308	-9,555
Amortization	-486	-536	-547	-558	-586	-615	-646	-678	-712	-747	-785	-824
Other operating expenses	-1,863	-2,234	-2,189	-2,518	-2,820	-3,158	-3,537	-3,962	-4,437	-4,970	-5,566	-6,234
Sales & Marketing	0	0	0	0	0	0	0	0	0	0	0	0
<b>EBIT</b>	<b>417</b>	<b>-6,290</b>	<b>-6,936</b>	<b>-4,796</b>	<b>-13,870</b>	<b>6,133</b>	<b>20,673</b>	<b>42,416</b>	<b>73,527</b>	<b>75,056</b>	<b>101,564</b>	<b>107,201</b>
in % of revenues	8.0%	neg.	neg.	neg.	neg.	22.6%	59.0%	68.4%	73.3%	72.2%	74.0%	73.3%
Financial result	200	304	160	-50	-100	-100	-100	-100	-100	-100	-100	-100
<b>EBT (and minority interests)</b>	<b>617</b>	<b>-5,986</b>	<b>-6,776</b>	<b>-4,846</b>	<b>-13,970</b>	<b>6,033</b>	<b>20,573</b>	<b>42,316</b>	<b>73,427</b>	<b>74,956</b>	<b>101,464</b>	<b>107,101</b>
in % of revenues	11.8%	neg.	neg.	neg.	neg.	22.2%	58.8%	68.2%	73.2%	72.1%	74.0%	73.3%
Income taxes	-4	0	-4	-4	-4	-4	-3,308	-8,483	-22,058	-22,517	-30,469	-32,160
in % of EBT	-1%	0%	0%	0%	0%	0%	-16%	-20%	-30%	-30%	-30%	-30%
<b>Earnings before minority interests</b>	<b>613</b>	<b>-5,986</b>	<b>-6,780</b>	<b>-4,850</b>	<b>-13,974</b>	<b>6,029</b>	<b>17,265</b>	<b>33,833</b>	<b>51,369</b>	<b>52,439</b>	<b>70,995</b>	<b>74,941</b>
in % of revenues	11.7%	neg.	neg.	neg.	neg.	22.2%	49.3%	54.5%	51.2%	50.5%	51.8%	51.3%
Minority interests	-2	0	0	0	0	0	0	0	0	0	0	0
Change of the accounting method	0	0	0	0	0	0	0	0	0	0	0	0
<b>Net profit/loss for the year</b>	<b>611</b>	<b>-5,986</b>	<b>-6,780</b>	<b>-4,850</b>	<b>-13,974</b>	<b>6,029</b>	<b>17,265</b>	<b>33,833</b>	<b>51,369</b>	<b>52,439</b>	<b>70,995</b>	<b>74,941</b>
in % of revenues	11.7%	neg.	neg.	neg.	neg.	22.2%	49.3%	54.5%	51.2%	50.5%	51.8%	51.3%
Weighted average number of shares (in 1,000)	8,402	9,163	9,317	9,317	9,317	9,317	9,317	9,317	9,317	9,317	9,317	9,317
<b>EPS (in Euro)</b>	<b>0.07</b>	<b>-0.65</b>	<b>-0.73</b>	<b>-0.52</b>	<b>-1.50</b>	<b>0.65</b>	<b>1.85</b>	<b>3.63</b>	<b>5.51</b>	<b>5.63</b>	<b>7.62</b>	<b>8.04</b>

Source: Independent Research, MOLOGEN AG

1|2|3|4| Please notice the advice regarding possible conflicts of interests as well as the disclaimer at the end of this document

## Disclaimer

### Recommendation shares - Single Issuer -:

Buy:	According to our assessment, the stock should register an absolute profit of at least 15% within a 6-month period.
Accumulate:	According to our assessment, the stock should register an absolute profit between 0% and 15% within a 6-month period.
Reduce:	According to our assessment, the stock should register an absolute loss between 0% and 15% within a 6-month period.
Sell:	According to our assessment, the stock should register an absolute loss of at least 15% within a 6-month period.

### Liability declaration

This document has been prepared by Independent Research GmbH independently of the issuers named. The opinions and forecasts contained in this document are those of Independent Research GmbH alone. The information and opinions refer to given dates and are subject to change without prior notice.

Independent Research GmbH has prepared the contents of this document on the basis of sources of information which are generally accessible and considered to be reliable but which the company has not independently verified. The balanced nature, accuracy, completeness or correctness of the information or opinions contained in this document are therefore neither expressly guaranteed nor is such a guarantee thereby implied. The recipient of this document should therefore not rely on this information or these opinions. Independent Research GmbH assumes no responsibility or liability for damage arising from the use of this document or the information contained therein or which otherwise may thereby arise. An investment decision ought to be based on a properly approved prospectus or information memorandum and under no circumstances on this document.

This document constitutes neither an offer nor an invitation to subscribe to or to purchase a security, nor does this document nor the information contained therein constitute the basis for any kind of contractual or other commitment whatsoever.

The distribution of this document is only intended to persons who purchase or sell transferable securities for their own account or for the account of others as part of their trading activity, profession or occupation. It is made available exclusively for the purpose of supplying them with information. This document is subject to the copyright of Independent Research GmbH; it may not be reproduced either in whole or in part nor may it be distributed to other persons. Quotations from this document must be accompanied by mention of the source from which the information derived. Any use going beyond this limit requires the prior written approval of Independent Research GmbH.

This document is only intended to be distributed in Great Britain to persons described in article 11(3) of the Financial Services Act 1986 (Investments Advertisements) (Exemptions) Order 1996 (in the most up-to-date version) and may not be passed on either directly or indirectly to any other group of persons. Neither this document nor a copy thereof may be sent to, brought into or distributed in the United States of America, in Canada or in Japan or in the overseas territories or possessions of these countries nor may it be distributed to a US person as defined in the provisions of the US Securities Act of 1933 or to persons having their place of residence in Canada or in Japan. The distribution of this document in other jurisdictional areas may be restricted by law and persons obtaining possession of this document should inform themselves of possible restrictions and adhere to the same. Each omission in the observance of these restrictions may constitute an infringement of prevailing securities laws.

Independent Research GmbH and its affiliated companies and / or members of its management board, its senior managers and/or its employees may hold positions in any of the financial instruments or related investments mentioned in this document and may increase or sell these financial instruments and the related investments. Independent Research GmbH and its affiliated companies may act as consultants for the financial instruments or related investments, perform services for or in relation to these issuers or offer such services and may also be represented in the management board or in other bodies or committees of these issuers.

### Compulsory information required under § 34b of the German Securities Trading Law (WpHG) and the Financial Analysis Regulation

#### Key sources of information

Key sources of information used in the preparation of this document are publications in foreign and domestic media such as information services (e.g. Reuters, VWD, Bloomberg, DPA-AFX etc.), the financial press (e.g. Börsen-Zeitung, Handelsblatt, FAZ, FTD, Wall Street Journal, Financial Times etc.), specialised journals, published statistics, rating agencies, and publications of covered companies (company sources: annual and quarterly reports, current company presentations as well as discussions with the management).

<sup>1)2)3)4)</sup> Please notice the advice regarding possible conflicts of interests as well as the disclaimer at the end of this document

## Summary of the evaluation principles used:

### Analyses of shares:

In valuing companies standard and accepted valuation methods (amongst others the Discounted Cash Flow Method (DCF Method), Peer Group Analysis) are applied. Under the DCF Method the capitalised value of the issuers is calculated which shows the sum of the discounted company results, i.e. the current value of the issuer's future net distributions. The capitalised value is therefore determined with reference to the anticipated future company results and the capitalisation yield applied. Under the Peer Group Analysis Method issuers quoted on the Stock Exchange are valued with reference to the comparison of ratio indices (e.g. price earnings ratio, price to book ratio, enterprise value / sales, enterprise value / EBITDA, enterprise value / EBIT). The comparability of the ratio indices is determined above all by business activity and commercial prospects.

### Technical analyses:

Technical analyses are based on historic share price and sales developments which are analysed by mathematical-statistical tools (chart techniques, indicator technology, the Elliott wave theory, sentiment observations as well as relative strength approaches) and on forecasts of future developments.

### Sensitivity of the evaluation parameters:

The figures taken from the statement of income, 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. These may change at any time without prior notice.

Regardless of the evaluation method applied, there exists a very real risk that the price target may not be reached in the anticipated period of time. These risks include unforeseen changes in competitive pressure or in the demand for the issuer's products. Such fluctuations in demand may arise as a result of changes of a technological nature, the overall level of economic activity or in some cases as a result of changes in moral standards. Changes in tax law, in currency exchange rates and, in certain industries, in regulations are further factors which can influence evaluations. This discussion of evaluation methods and risk factors makes no claim to be exhaustive.

### Timing conditions of planned updates:

#### Analyses of shares:

**Independent Research GmbH maintains a list of issuers for whom company-based financial analyses ("Cover list of share analyses") are published. The criterion for an issuer's inclusion in or removal from this list is governed by the company's inclusion in an index (DAX® and EuroStoxx 50SM). In addition, selected issuers from the mid and small cap segment and from the US markets are included. In such cases these issuers' inclusion in or removal from the cover list is at the sole discretion of Independent Research GmbH. Generally, reports on current events specific to the companies are prepared every week for the issuers included on the cover list share analyses. Moreover, company-specific events such as ad hoc statements or important news relating to individual companies on the cover list are evaluated every day. The decision as to which issuers are covered by such publications is at the sole discretion of Independent Research GmbH. Moreover, fundamental analyses are prepared for the issuers included on the cover list. The decision as to which issuers are covered by such publications is at the sole discretion of Independent Research GmbH.**

**It may occur at any time that, in fulfilment of the provisions of the Securities Trading Law, the publication of financial analyses of individual issuers included in the cover list are blocked without any prior warning.**

Internal organisational measures to deal with the prevention or handling of conflicts of interest:

Employees of Independent Research GmbH who are involved with the preparation and / or the offering of financial analyses are subject to the company's internal compliancy regulations which classifies them as employees of an area requiring confidentiality. The company's internal compliancy regulations are in line with the provisions of the Guideline for the Concretisation of Organisational Obligations of Companies Trading in Securities in accordance with § 34b para. 5, para. 8 clause 1 of the Securities Trading Law (WpHG) (<http://www.bafin.de>).

**Possible conflicts of interest - As of: 11/18/2008 -**

**Neither Independent Research GmbH nor any affiliated company**

- 1) hold an interest of 1% or more of the capital stock of the company being covered in this report.
- 2) was involved in the issuing of the securities analysed in this report.
- 3) hold a net short position of 1% or more of the analysed company's equity capital.
- 4) support the company on the stock exchange and in the market on the basis of an agreed contract. **Exception: MOLOGEN AG and Independent Research GmbH have a business relationship concerning the preparation of research reports.**

**ON ACCEPTANCE OF THIS DOCUMENT THE RECIPIENT ACCEPTS THAT THE ABOVE RESTRICTIONS ARE BINDING.**

**As of: - 11/18/2008 -**

**Independent Research GmbH  
Senckenberganlage 10-12  
D-60325 Frankfurt  
Germany**

**Responsible Supervisory Authority**  
Bundesanstalt für Finanzdienstleistungsaufsicht  
Graurheindorfer Straße 108  
D-53117 Bonn  
and  
Lurgiallee 12  
D-60439 Frankfurt  
Germany



Independent Research

Senckenberganlage 10-12  
60325 Frankfurt am Main  
Germany

Phone: +49 (69) 971490-0

Fax: +49 (69) 971490-90

E-Mail: [info@irffm.de](mailto:info@irffm.de)

Internet: [www.irffm.de](http://www.irffm.de)