



**Independent Research**

Unabhängige Finanzmarktanalyse GmbH

## **Research Note**

# **MOLOGEN AG**

**EU approves funding**

**01/12/2009**

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**EU approves funding****Consortium develops leishmaniasis vaccine**

- ⇒ MOLOGEN announced on December 19, 2008 that it had received EU fundings for the development of a DNA vaccine against leishmaniasis in humans as a member of an international consortium (including London School of Hygiene & Tropical Medicine, Charité Berlin, among others). The consortium has been granted a total of EUR3.0m, of which EUR1.2m are attributed to MOLOGEN.
- ⇒ The company has already developed expertise in the field of leishmaniasis. In 2006, MOLOGEN entered into a licence and development agreement for its MIDGE-based vaccine against leishmaniasis in dogs with a US veterinary pharmaceutical company. The active substance is currently in the phase of laboratory testing.
- ⇒ The consortium aims to develop a DNA vaccine against leishmaniasis in humans. It will be MOLOGEN's task to optimise and produce the MIDGE-based vaccine and to prepare preclinical safety studies. By the end of the three-year project the vaccine is to be transferred into the clinical Phase I.
- ⇒ In our view, the project indicates MOLOGEN's capacity for technological innovation and is an opportunity for the company to enhance its reputation. However, the significance of the project is limited. As we pointed out several times before, the further development of the company's cancer drug MGN1703 and the issuance of a license for this product (scheduled for H2 2009) remains the most important project by far.
- ⇒ Thanks to the subsidies, the company will receive roughly EURO.4m per year in the coming three years, but there will be corresponding expenses as well. Therefore, we hold on to our EPS forecasts. The share price reacted positively to the newsflow and has increased by about 35% since our last commentary. We expect further positive news still in Q1 2009 with conclusion of the clinical Phase I trial for the cancer drug MGN1703. Leaving our price target unchanged at EUR14.70, we reaffirm our Buy recommendation for the MOLOGEN share.

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	-4,766	-4,816	-4,820	-0.52
IFRS	2010E	11,260	-13,840	-13,940	-13,944	-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

**Price target** (in EUR) (6 months) **14.70**

Share price(Xetra) (in EUR)

6.49

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Share price potential

126.50%

**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)	60.4
∅ Trading Volume	12,422
52W High	06/06/08
	EUR8.30
52W Low	11/14/08
	EUR4.03
Beta	1.5
Volatility (60 days)	77.02

**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	561.0	neg.	neg.	0.0%
2009E	4.9	neg.	neg.	0.0%
2010E	5.0	neg.	neg.	0.0%

**Performance (in %)**

	1m	3m	6m	12m
absolut	4.2	38.5	-6.7	3.9
related to:				
DAX	1.8	31.9	20.4	68.0
CDAX	1.5	36.5	19.7	43.9

**Index Weighting**

CDAX	0.008%
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**Author: S. Röhle (analyst)**

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### 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.

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## 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.

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**As of: - 01/12/2009 -**

**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)