GBC AG
Investment Research

Research Report (Update)

SYGNIS AG

SYGNIS

„Break-even expected in 2014; capital increase to strengthen liquidity and financing further growth“

Target price: €4.35

Rating: BUY

IMPORTANT NOTE:
Please take note of the disclaimer/risk warning, as well as the disclosure of potential conflicts of interest as required by section 34b of the Securities Trading Act (WpHG) on page 12 and ff

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Completion: 07/10/2013 **First Publication: 08/10/2013**

Rating: BUY

Price target: €4.35

current price: €3.89

4/10/2013 / ETR

currency: EUR

Key date:

ISIN: DE000A1RFM03

WKN: A1RFM0

Ticker symbol: LIO1

Number of shares³: 9.364

Marketcap³: 36.43

EnterpriseValue³: 37.44

³ in m / in EUR m

Freefloat: 10.4 %

Transparency Level: Prime Standard

Market Segment: Regulierter Markt

Accounting Standard: IFRS

Financial year-end: 12/31

Designated Sponsor: CBS

Analyst:

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* catalogue of potential conflicts of interests on page 14

SYGNIS AG *4;5

Company profile

Sector: Life Science

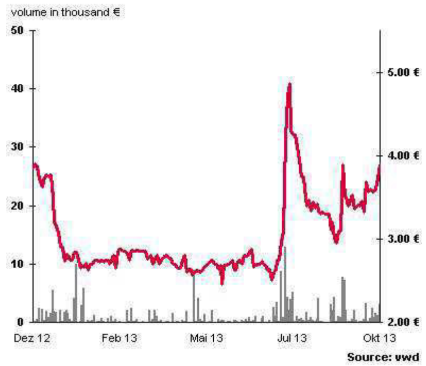
Focus: development and commercialisation of DNA-technologies

Employees: 18 (June/2013)

Founded in: 1997

Headquarter: Heidelberg

Executive Board: Pilar de la Huerta



SYGNIS AG, headquartered in Heidelberg, is a life sciences company listed on the Prime Standard of the German Stock Exchange. According to the new business strategy outlined in 2012, the company focuses on the development and commercialisation of novel molecular biology technologies, for example in the area of DNA amplification and sequencing. In July 2012, the company closed an exclusive global licensing agreement with Qiagen for the commercialisation of the lead product "QualiPhi", an improved polymerase for DNA amplification. The product portfolio further includes new tools for next-generation sequencing (NGS) technologies, such as QualiPhi mutants and PrimPol, both close to market launch. Out-licensing is additionally planned for the fourth technology, DoubleSwitch, which allows for the measurement of protein-protein interactions.

P&L in EURm/Due date	31/12/2012	31/12/2013e	31/12/2014e	31/12/2015e
Sales	0.21	1.05	4.13	7.37
EBITDA	-1.35	-2.74	0.62	3.50
EBIT	-2.35	-2.97	0.44	3.32
Net profit	-2.40	-3.06	0.33	3.21

Figures in EUR				
Net profit per share	-0.26	-0.29*	0.03*	0.31*
Dividend per share	0.00	0.00	0.00	0.00
*based on 10.53m shares (post money)				
Ratios				
EV/Sales	178.27	35.65	9.06	5.08
EV/EBITDA	neg.	neg.	60.38	10.70
EV/EBIT	neg.	neg.	85.08	11.28
P/E-ratio	neg.	neg.	110.38	11.35
P/B-ratio	5.78			

Financial Dates:

Date: Event:

14/11/2013: Publication 9 month-Report

**last research published by GBC

Date: publication/price target in €/Rating

04/07/13: RS / € 4.55 / BUY

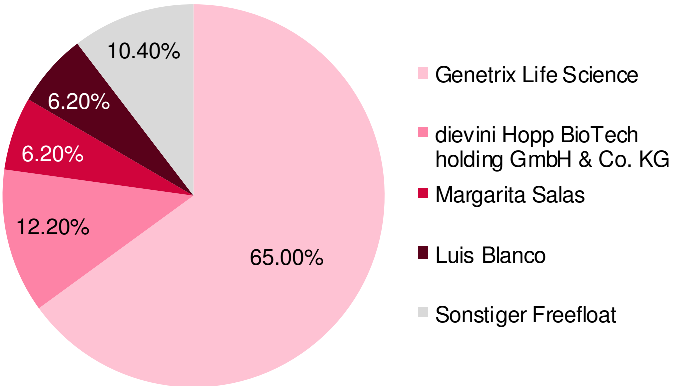
RS = Research Report; RG = Research Guide

** the research reports can be found on our website www.gbc-ag.de or can be requested at GBC AG, Halderstr. 27, D-86150 Augsburg

Company

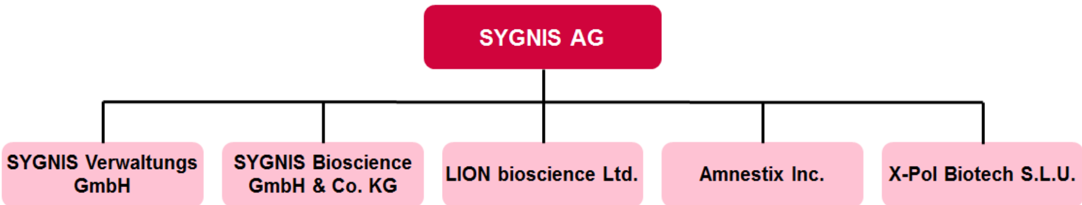
Shareholder structure

Shareholder in %	31/12/2012
Genetrix Life Science A.B.	65.0 %
dievini Hopp Biotech holding GmbH & Co. KG	12.2 %
Prof. Margarita Salas	6.2 %
Prof. Luis Blanco	6.2 %
Free float	**10.4 %**



Source: SYGNIS AG; GBC AG

Company structure



Source: SYGNIS AG; GBC AG

Following the business combination with X-Pol Biotech S.L.U. (X-Pol), SYGNIS AG (SYGNIS) has five fully owned subsidiaries. The main locations of the holding company are in Heidelberg (where the company has modern laboratory facilities with a total area of 800 sq. m.) and Tres Cantos, Spain (where the company owns laboratory facilities with a total area of 120 sq. m.). In both cases, the company rents premises in the local technology park and does not itself own any land. The corporate structure is built on holding criteria, with SYGNIS AG as the listed parent company. The development activities are carried out by SYGNIS Bioscience GmbH & Co. KG and X-Pol Biotech S.L.U.

Strategy

Merger with X-Pol Biotech S.L.U.

On 6th Dec 2012, SYGNIS announced the merger with Tres Cantos/Spain-based X-Pol Biotech S.L.U. In the context of a capital increase against contributions in kind, SYGNIS has acquired 100% of X-Pol. Similarly, the share capital of the acquirer increased from €2.10m to €9.35m, with the entire difference attributed to the shareholders of X-Pol. Hence, through a resulting participation rate in SYGNIS of 77.5%, the previous shareholders became the majority shareholders of SYGNIS (reverse acquisition).

In connection with this transaction, the company reorganised its operative activities. Until then, SYGNIS's focus had been on drug development, such as the KIBRA project, which was researched as therapy for the treatment of dementia. However, the project was discontinued at the end of 2012, due to the inability to raise additional funds for the continued development of KIBRA.

The transaction also led to the adaptation of the organisation to the company's new activities. In Heidelberg, the workforce was reduced by 10 employees, with the goal of reallocating the released financial resources to building the development and commercialisation of novel molecular biology technologies.

Product portfolio of SYGNIS AG after restructuring

Following the restructuring, which led to the abandonment of SYGNIS's previous business model and thus the cessation of capital-intensive and time-consuming drug development activities, the risk profile of the company was significantly reduced. The products of the current portfolio benefit from both lower financing requirements and substantially shorter development timelines (typically less than two years).

SYGNIS's current product portfolio encompasses four products focused on DNA amplification and DNA sequencing, although these are in different commercialisation phases. In addition, the company has a proprietary technology for detecting protein-protein-interactions useful for the screening of drug candidates:

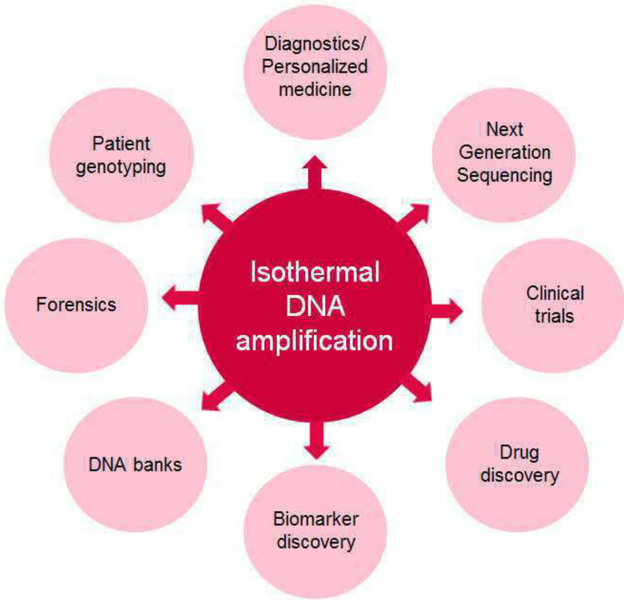
Project	Field of application	Research & development	Marketing	Lincense	Market
QualiPhi	DNA - Amplification				
Novel QualiPhi mutants	DNA/Next Generation Sequencing				
PrimPol	DNA/Next Generation Sequencing				
Double Switch	Protein-Protein-Interaction screening technology				

Source: SYGNIS AG; GBC AG

As is apparent from the presentation of SYGNIS's product portfolio, QualiPhi is close to market launch. To this end, the company entered a licensing with Qiagen – one of the global leaders in sample and assay technologies – in July 2012. Intensive work related to the market launch of QualiPhi, which is planned for the business year 2013, is currently underway. As part of the licensing agreement with Qiagen, SYGNIS is entitled to an upfront fee and royalties on revenue.

Field of application of the SYGNIS-technology

The applications for SYGNIS technologies can be expanded to all areas where the use of genetic engineering appears to be possible. The direct customer base of the company is likely to consist primarily of providers of assay and sample technologies (as reflected by the licensing agreement with Qiagen) as well as interested parties in the pharma industry. Nevertheless, the demand for the SYGNIS technologies should come from different industries.



Source: SYGNIS AG; GBC AG

The company sees particular growth potential in the area of red biotechnology, i.e. in the therapeutic application of genetic engineering. A special focus is personalised medicine in the areas of diagnostics and pharmacogenetics. Both areas serve the purpose of allowing for the accurate identification of the genetic bases, thus allowing for an efficient and tailored treatment. The key building block here is DNA analysis, which is employed both in diagnostics and drug research.

The application of the SYGNIS technology can further be expanded to additional areas. The decisive factor is the use of genetic engineering methods, for example in what is known as green or white biotechnology. Green biotechnology refers to biotechnology used in the context of agriculture; white biotechnology is the industrial use of microbiology, which allows for the efficient production of detergents or cosmetics, among others. Thus, it becomes evident that the potential for the SYGNIS technology is not limited to an individual industry, although the use in medical research and diagnostic is likely to predominate – at least initially.

Business development FY 2012 - Revenue base remains modest

in million €	1.HY 2012	FY 2012	1.HY 2013
Revenue	0.00	0.21	0.32
EBITDA	-0.44	-1.35	-1.87
EBIT	-0.86	-2.35	-2.04
Net profit	-0.87	-2.40	-2.04

Source: SYGNIS AG; GBC AG

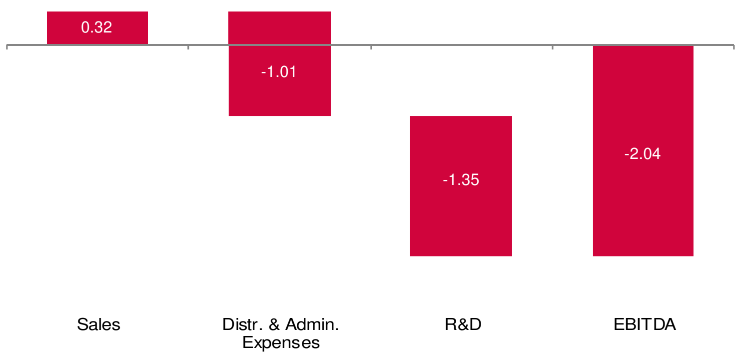
In a reverse acquisition announced in December 2012, the shareholders of the acquired company (X-Pol Biotech) obtained control of the acquirer (SYGNIS AG). In the fiscal year 2012, SYGNIS had carried out a capital increase against contributions in kind of €7.25m. The capital measure involved the contribution of all shares of X-Pol Biotech, whose shareholder obtained control of SYGNIS. Upon completion of the capital measure, X-Pol's main shareholder, Genetrix Life Sciences A.B., holds a majority stake of 65%. This reversed the ownership. Hence, from an accounting perspective, X-Pol is to be regarded as the acquirer.

As part of the reverse acquisition, both balance sheet items and performance indicators of the economic acquirer continue to be reported. Against this background it needs to be taken into account that the half-year results 2013 include the expenses and income of the SYGNIS Group (incl. X-Pol). In contrast, the comparative period in the previous year only contains the expenses and income of X-Pol. Hence, since there is no proper basis of comparison, the following analysis is limited to the development of the first six months of the current fiscal year 2013.

Following the reorientation of SYGNIS, the company's product portfolio includes four projects expected to be commercialised in the short term. For the most advanced product, QualiPhi, a licensing agreement with Qiagen has already been signed, and first market launch is planned for fiscal year 2013. During the period under review, SYGNIS's focus was on the commercialisation of the product pipeline on the one hand (the new licensing agreement with Qiagen was signed in May 2013) and the development of proprietary technologies in the area of molecular diagnostics on the other hand.

However, since no products had been commercialised at the balance sheet date, revenues are correspondingly low at €0.32m, largely reflecting revenues of €0.15m related to the licensing deal with Qiagen.

EBITDA-Development (in million €)



Source: SYGNIS AG; GBC AG

Although the low revenue level failed to fully cover the cost base, overall, SYGNIS was able to streamline its cost structure. The restructuring and related adjustment of the organisational structure to the new business activities led to personnel savings, with the number of employees falling from 29 (incl. former SYGNIS) on 31st Dec 2012 to 18 on 30th Jun 2013. This is important because the majority of the €2.36m in operating costs can be attributed to personnel expenses. According to the company, staff costs amount to €1.2m in the first six months of 2013. A comparison with the pro-forma figures of the same period of the previous year clarifies the reduction of the cost base. Based on calculations completed by

SYGNIS, total pro-forma costs in H1 2012 stood at €4.2m and were therefore considerably higher than in the current financial year.

As shown in the chart overleaf, R&D expenses represent the main cost driver. These reflect the forced development of novel technologies in the area of molecular diagnostics, whereas the current product portfolio is close to market introduction. Overall, it is important to highlight that the departure of the previous business model allowed SYGNIS to lower its risk profile and reduce its research intensity. Notably, the products of the current product portfolio are characterised by low financing requirements and shorter development times (generally less than two years).

Financial situation - Development of liquidity takes centre stage

in million €	31/12/2012	30/6/2013
Shareholder´s capital *(equity ratio)*	6.30 *(65.6 %)*	4.31 *(47.6 %)*
Operating assets	2.58	2.58
Working Capital	-1.22	-1.72
Interest bearing liabilities	1.60	2.72
Financial assets	0.59	0.23

Source: SYGNIS AG; GBC AG

SYGNIS's asset situation needs to be considered in the context of the reverse acquisition that took place at the end of 2012. As part of the transaction, SYGNIS's old balance sheet items were consolidated with those of the new economic owner, X-Pol. In addition, a purchase price allocation was carried out for SYGNIS's acquired assets (old SYGNIS business). The difference, which totalled €5.94m was recorded as goodwill. Since the transaction had already been considered in the balance sheet for 2012, a comparison provides meaningful results.

Compared to 2012, shareholder's equity fell to €4.31m (vs. €6.30m on 31st Dec 2012). This is almost entirely due to the net loss of €2.04m for the period. In line with this change, the equity ratio sank from 65.6% (31st Dec 2012) to 47.6%.

Of paramount importance is the company's liquidity. As of 30th Jun 2013, the company had liquid funds of €0.23m, down from €0.59m on 31st Dec 2012. However, in July 2013 a group of international investors approved a loan of €0.60m. According to the company, financial resources including this loan should last until Q3 2013. This statement is in line with our analysis that the cash burn rate based on the first half of 2013 (taking into account the new loan) is 0.3 years.

Against this background it is important to note that the development of the current product pipeline is nearly completed; R&D costs until market introduction should therefore be accordingly low. There should be significant liquidity inflows soon after market launch, planned for Q4 2013.

To cover liquidity needs until the envisaged break-even is achieved, SYGNIS is planning an imminent capital increase. Key data points are as follows:

Key data capital increase	
Subscription ratio:	8:1
Subscription price:	€2.65
Number of shares (pre-money):	9.36m
Number of new shares:	1.17m
Number of shares (post-money):	10.53m
Planned gross proceeds:	€3.10m

Following the capital increase, SYGNIS should have adequate financial resources until the achievement of break-even. Adding the gross proceeds would increase the cash burn rate (based on H1 2013 financial performance) to 1.3 years.

Forecasts - Commercialisation expected in 2013 and achievement of break-even in 2014

in million €	FY 2012	FY 2013e	FY 2014e	FY 2015e	FY 2016e
Revenue	0.21	1.05	4.13	7.37	8.11
EBITDA (EBITDA-margin)	-1.35 *(neg.)*	-2.74 *(neg.)*	0.62 *(15.1 %)*	3.50 *(47.5 %)*	4.62 *(57.0 %)*
EBIT (EBIT-margin)	-2.35 *(neg.)*	-2.97 *(neg.)*	0.44 *(10.7 %)*	3.32 *(45.1 %*	4.44 *(54.7 %)*
Net Income	-2.40	-3.06	0.33	3.21	4.42
EPS	-0.32	-0.29*	0.03*	0.31*	0.42*

*based on 10.53m shares (post money)

Source: SYGNIS AG; GBC AG

Revenue forecasts - Timetable for commercialisation remains unchanged

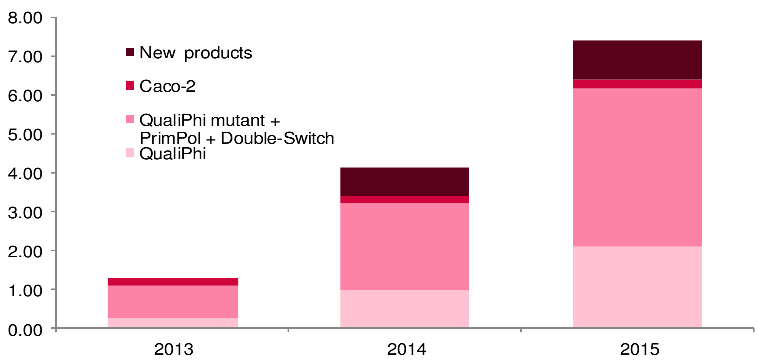
The assumptions underlying the detailed forecasts outlined in our initiation of coverage report from 4th Jul 2013 have changed marginally. Hence, we continue to assume that both approval and commercialisation will occur in line with our expectations, according to which lead product QualiPhi should generate first revenues in the current financial year 2013. Compared to our previous estimates the out-licensing of PrimPol should take place in the first half of 2014, instead of the second half of 2013. Correspondingly, we slightly adjusted our revenue estimates from €1.30m to €1.05m for the fiscal year 2013.

Product	Lincensing	Commercialization
QualiPhi	done	2. HY 2013
Novel QualiPhi mutants	2. HY 2013	1. HY 2014
Double-Switch	2. HY 2013	1. HY 2014
PrimPol	1. HY 2014	2. HY 2014
New projects	2. HY 2014	1. HY 2015

Source: GBC AG

Although the development of new projects is part of the company's strategy, our revenue and earnings forecasts are limited to SYGNIS's current pipeline. Initially, the focus is on the already out-licensed product QualiPhi, which should lead to first revenues in the current financial year. Additional products of the company's product pipeline are expected to be out -licensed in the following financial years. Hence, we anticipate an above-average revenue development. Overall, we therefore forecast a significant revenue increase to €1.05m in FY 2013, €4.13m in 2014 and €7.37m in 2015.

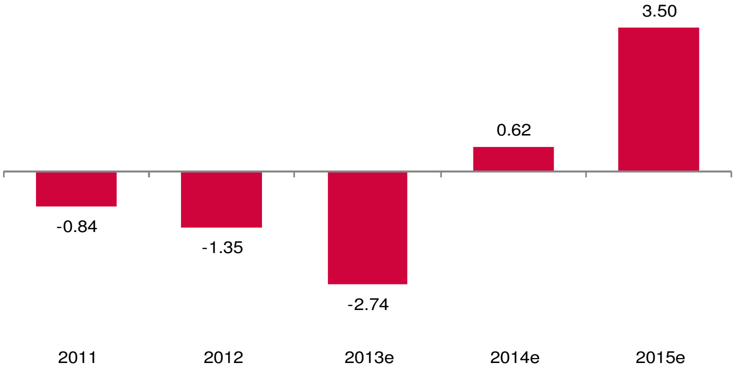
Revenue breakdown by product (in million €)



Source: GBC AG

In light of the projected revenue growth, we anticipate an increase in operating expenses (administrative, distribution and R&D). However, these should rise at a lower rate, therefore leading to additional economies of scale. We note that the development of other operating expenses should rise at a faster pace in the current financial year, due largely to the on-going restructuring (e.g. headcount reduction). The absence of extraordinary expenses such as the latter in the coming financial year 2014 should allow SYGNIS to achieve disproportionately higher earnings growth.

EBITDA-Development (in million €)



Source: GBC AG

Since we have our forecasts slightly changed, the input data for our DCF model have changed marginally compared to our initiation of coverage report from 4th Jul 2013.

Valuation

DCF valuation

Model assumptions

We valued SYGNIS AG using a three-phase DCF model. Starting from the real-life estimates for the years 2013 to 2015 in phase 1, the second phase from 2016 to 2020 forecasts the effect of value drivers. We hereby expect revenue to increase by 10.0%. We took as our target an EBITDA margin of 57.0%. The tax ratio applied in phase 2 was 15.0%. For the third phase beyond the forecast horizon, a residual value was calculated using a perpetual annuity formula. For the final value we assume a growth rate of 3.0%.

Calculation of cost of capital

The weighted average cost of capital (WACC) for SYGNIS AG is calculated on the basis of internal capital costs and external capital costs. In order to determine the internal cost of capital, the fair market premium, the company beta and the risk-free interest rate need to be established.

The interest rate for 10-year German federal bonds is taken as the risk-free interest rate. This is currently 2.00%.

We used the historic market premium of 5.50% as a suitable expectation of market premium. This is supported by historical analyses of stock market yields. The market premium reflects the percentage of the expected excess return of the stock market over the low-risk government bonds.

Using the GBC estimation method there is currently a beta of 1.76.

Applying the chosen premises, the internal capital costs are calculated at 11.70% (beta multiplied with risk premium plus 10-year interest rate). As we assume a long-term weighting of internal capital costs of 85%, the weighted average cost of capital (WACC) is 10.74%.

Valuation result

Discounting future cash flows was carried out using the entity approach. We calculated the relevant capital cost (WACC) unchanged at 10.74%. Consequently, the fair value and target price per share (post money) is equivalent to €4.35 at the end of the fiscal year 2014. Comparing the previous target price of €4.55 the slight discrepancy can be explained by the planned increase in capital and therefore by a dilution effect. The new target price (post money) considers a scheduled gross income of €3.10 million as well as an increase in the number of shares upon to €10.53 million.

SYGNIS AG - Discounted Cashflow (DCF) model scenario

Value driver of the DCF - model after the estimate phase:

consistency - phase	
Revenue growth	10.0%
EBITDA-Margin	57.0%
Depreciation to fixed assets	4.9%
Working Capital to revenue	4.2%

final - phase	
Eternal growth rate	3.0%
Eternal EBITA - margin	55.0%
Effective tax rate in final phase	30.0%

three phases DCF - model:

Phase	estimate			consistency					final
In € m	FY 2013e	FY 2014e	FY 2015e	FY 2016e	FY 2017e	FY 2018e	FY 2019e	FY 2020e	value
Revenue	1.04	4.13	7.37	8.11	8.92	9.81	10.80	11.87	
Revenue change	388.1%	295.6%	78.4%	10.0%	10.0%	10.0%	10.0%	10.0%	3.0%
Revenue to fixed assets	0.32	1.20	2.08	2.08	2.08	2.08	2.08	2.08	
EBITDA	-2.74	0.62	3.50	4.62	5.09	5.59	6.15	6.77	
EBITDA-Margin	-262.7%	15.1%	47.5%	57.0%	57.0%	57.0%	57.0%	57.0%	
EBITA	-2.97	0.44	3.32	4.45	4.90	5.39	5.92	6.52	
EBITA-Margin	-284.7%	10.7%	45.1%	54.9%	54.9%	54.9%	54.9%	54.9%	55.0%
Taxes on EBITA	0.00	0.00	0.00	0.00	-0.73	-0.81	-0.89	-0.98	
Taxes to EBITA	0.0%	0.0%	0.0%	0.0%	15.0%	15.0%	15.0%	15.0%	30.0%
EBI (NOPLAT)	-2.97	0.44	3.32	4.45	4.16	4.58	5.04	5.54	
Return on capital	-218.8%	14.5%	91.1%	116.2%	98.8%	98.0%	98.0%	98.0%	75.8%
Working Capital (WC)	-0.20	0.20	0.28	0.31	0.37	0.41	0.45	0.50	
WC to revenue	-19.1%	4.8%	3.8%	4.2%	4.2%	4.2%	4.2%	4.2%	
Investment in WC	-1.02	-0.40	-0.08	-0.03	-0.07	-0.04	-0.04	-0.05	
Operating fixed assets (OAV)	3.25	3.45	3.55	3.91	4.30	4.73	5.20	5.72	
Depreciation on OAV	-0.23	-0.18	-0.18	-0.17	-0.19	-0.21	-0.23	-0.25	
Depreciation to OAV	7.1%	5.2%	5.1%	4.9%	4.9%	4.9%	4.9%	4.9%	
Investment in OAV	-0.90	-0.38	-0.28	-0.53	-0.58	-0.64	-0.70	-0.77	
Capital employed	3.05	3.65	3.83	4.21	4.67	5.14	5.65	6.22	
EBITDA	-2.74	0.62	3.50	4.62	5.09	5.59	6.15	6.77	
Taxes on EBITA	0.00	0.00	0.00	0.00	-0.73	-0.81	-0.89	-0.98	
Total invesment	-1.92	-0.78	-0.36	-0.56	-0.65	-0.68	-0.74	-0.82	
Invesmtent in OAV	-0.90	-0.38	-0.28	-0.53	-0.58	-0.64	-0.70	-0.77	
Investment in WC	-1.02	-0.40	-0.08	-0.03	-0.07	-0.04	-0.04	-0.05	
Investment in Goodwill	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Free Cashflows	-4.66	-0.16	3.14	4.07	3.70	4.11	4.52	4.97	58.46

Value operating business (due date)	43.87	48.74
Net present value explicit free Cashflows	15.24	17.03
Net present value of terminal value	28.63	31.71
Net debt	2.66	2.92
Value of equity	41.21	45.81
Minority interests	0.00	0.00
Value of share capital	41.21	45.81
Outstanding shares in m	10.530	10.530
Fair value per share in €	3.91	**4.35**

Cost of capital

Risk free rate	2.0%
Market risk premium	5.5%
Beta	1.76
Cost of equity	11.7%
Target weight	85.0%
Cost of debt	7.0%
Target weight	15.0%
Taxshield	25.0%
WACC	**10.7%**

Sensitivity analysis - fair value per share in €

WACC

Return on Capital	8.7%	9.7%	10.7%	11.7%	12.7%
71.8%	5.62	4.79	4.19	3.73	3.37
73.8%	5.75	4.89	4.27	3.80	3.43
75.8%	5.87	4.99	**4.35**	3.87	3.49
77.8%	5.99	5.09	4.43	3.94	3.55
79.8%	6.12	5.19	4.52	4.00	3.61

Conclusion

Break-even expected in 2014;
capital increase to strengthen liquidity and financing further growth

SYGNIS AG's H1 2013 results reveal an absence of commercialisation revenues, as expected, although they do reflect revenues related to the out-licensing of QualiPhi to Qiagen. Thus, as a result of the low revenues of €0.32m, the company posted negative earnings (net loss of €2.04m).

A noticeable feature is the realisation of savings potential with regard to total costs. As part of the restructuring and the resulting change in the organisational structure, the number of employees was reduced to 18 (from 29 on 31st Dec 2012). At the same time, the total cost base fell to €2.36m in the first six months of 2013. Pro-forma figures for the previous year reveal that total costs in H1 2012 equated to €4.2m, which is considerably above the current figure.

SYGNIS's shareholder's equity declined to €4.31m (vs. €6.30m on 31st Dec 2012), in line with the net loss of €2.04m. Nevertheless, the corresponding equity ratio remains solid at 47.6% (down from 65.6% on 31st Dec 2012). Particular attention needs to be paid to SYGNIS's liquidity. As of 30th Jun 2013 the company had cash and cash equivalents of €0.23m (vs. €0.59m on 31st Dec 2012). However, in July 2013 a group of international investors approved a loan of €0.60m. According to the company, its financial resources including the loan should last through to the end of Q3 2013. According to a company announcement (2/10/13), a capital increase is carried out to strengthen the company's liquidity and for financing further growth. The issuance of up 1.17m new shares at a price of €2.65 is expected to generate gross proceeds of up to €3.10m. This capital measure is currently reflected in our valuation model.

In light of almost unchanged assumptions our current forecasts (for detailed forecasts, please refer to our research report from 4th Jul 2013) changed marginally. Based on our expectations regarding the timing of approval and commercialisation, we continue to anticipate first commercialisation revenues for QualiPhi in 2013. Out-licensing of the product to Qiagen, one of the world's leading suppliers of testing technologies in the area of molecular diagnostics, was completed in the previous financial year 2012. Additional products currently in SYGNISs product portfolio should reach the market in the coming financial years.

On this basis, we expect first sales for QualiPhi in 2013. In 2014 we anticipate a significant revenue increase, which should allow the company to achieve operational break-even. Overall, we therefore forecast a sizeable revenue increase to €1.05m in 2013, €4.13m in 2014 and €7.37m in 2015.

Our DCF-derived fair value per share (post money) is equivalent to €4.35 (YE 2014). Comparing the previous target price of €4.55 the slight discrepancy is primarlily related by the planned increase in capital and the resulting dilution. The new target price (post money) considers a scheduled gross income of €3.10 million as well as an increase in the number of shares upon to €10.53 million. In light of the current stock price of €3.89 per share (XETRA, 4/10/13) and even more regarding the strike price of the capital increase of €2.65, our fair value suggests an attractive upside. Hence, we maintain our Buy rating for SYGNIS AG.

Annex

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