

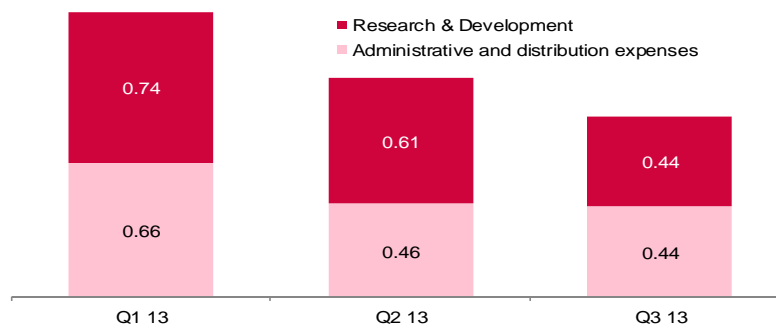
26/11/2013 - GBC Research Comment - SYGNIS AG 9-month figures for 2013 in line; further cost savings successfully implemented; price target of EUR 4.35 and rating BUY confirmed

Company: SYGNIS AG^{*4;5}
 ISIN: DE000A1RFM03
 Reason for the Research Comment: successful capital increase
 Recommendation: BUY
 Target price: €4.35
 Current price: €2.64 (25/11/2013; XETRA 17:30)
 Analyst: Cosmin Filker, Felix Gode

The 9-month figures for 2013 presented by SYGNIS AG were „in line“ as expected. As the marketer and developer of molecular biology technologies is about to market its current main product, QualiPhi, as anticipated and accordingly cannot yet demonstrate any product turnover, the sales revenues were still at a low level. In the first nine months of 2013, the turnover revenues amounted to EUR 0.40 million (PY: EUR 0.20 million). The turnover revenues are primarily revenues in connection with the licence agreement with Qiagen. Due to the consolidation made in December 2012 between X-Pol and the former SYGNIS Pharma AG, a comparison with the figures of the previous year is not expedient.

The further implementation of the cost savings measures should be given a positive mention; as a result of this, cost savings were generated specifically in the HR sector. This effect is particularly visible in a quarterly comparison. In total, sales and administration costs as well as research and development costs were EUR 0.89 million in Q3/13. The comparison with the figures of the two previous quarters amounting to EUR 1.40 million (Q1/13) and EUR 1.07 million (Q2/13) highlights the cost-reducing effect of the measures initiated.

Cost development (in million €)



Source: SYGNIS AG; GBC AG

As expected, the 9-month EBIT was still negative, at EUR -2.83 million, but on a proforma basis substantially better than in the previous year (9M 2012 proforma: EUR -8.1 million). In addition, according to company expectations, the first turnover from product sales (QualiPhi) should be generated in the fourth quarter of 2013. Furthermore, an outlicensing could shortly be pending with two further projects. Accordingly, the break-even point should be reached in the coming 2014 financial year.

The financial basis, until break-even is reached, was substantially extended in the current financial year. In addition to a loan from the main shareholders Genetrix Life Sciences and dievini Hopp BioTech amounting to EUR 0.71 million, SYGNIS AG also received an investor loan amounting to EUR 0.55 million. Furthermore, at the end of October 2013, gross issue revenues of EUR 2.7 million were generated as part of a capital increase. The still unused sum from this capital increase amounting to EUR 0.40 million could be placed as a further tranche by the end of the year 2013.

In light of the premises unchanged compared to our last valuation (cf. Research Update dated 08/10/13), we confirm the price target of EUR 4.35 per share. On the basis of the current price level of EUR 2.64 (XETRA price on 25/11/13), we are renewing the BUY rating.

Annex

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