

**SYGNIS AG**<sup>\*4;5;7</sup>

21/01/2015

**BUY****Price Target: € 4.05**

current price 2.20  
20/1/2015 / ETR / 16:56  
currency: EUR

**Key date:**

ISIN: DE000A1RFM03  
WKN: A1RFM0  
Ticker symbol: LIO1  
Number of shares<sup>3</sup>: 13.298  
Marketcap<sup>3</sup>: 29.26  
EnterpriseValue<sup>3</sup>: 29.13  
<sup>3</sup> in m / in EUR m  
Freefloat: 19.0 %

Transparency Level:  
Prime Standard  
Market Segment:  
Regulated Market  
Accounting Standard:  
IFRS

Financial year-end: 12/31

Designated Sponsor:  
EQUINET

**Analyst:**

Cosmin Filker  
filker@gbc-ag.de

Felix Gode  
gode@gbc-ag.de

\* catalogue of potential  
conflicts of interests on page 4

**Company profile**

Sector: Biotechnology

Focus: development and commercialisation  
of DNA-technologies

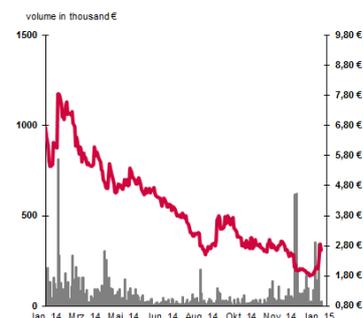
Employees: 20 (30/09/2014)

Founded in: 1997

Headquarter: Heidelberg

Executive Board: Pilar de la Huerta

SYGNIS AG, with its registered offices in Heidelberg and Madrid, is a life science company listed on the Prime Standard of Deutsche Börse. In accordance with the business strategy redefined in 2012, the company focuses on the development and marketing of innovative molecular biology technologies, e.g. in the area of DNA amplification (reproduction) and sequencing (reading). For one of the main products SensiPhi (former name: QualiPhi), an improved polymerase for DNA amplification, a license agreement was concluded with Qiagen in July 2012 for global exclusive marketing. In early 2014, Qiagen began marketing the SYGNIS product. The company's range of products is enhanced with PrimPol, a key technology for NGS (Next Generation Sequencing), for which marketing is also about to start. Own marketing of PrimPol is planned as part of the TruePrime™ product line from early 2015 onwards. In addition, the Company is currently in discussions with several potential international companies, in order to sign OEM-agreements and distribution agreements linked to the TruePrime™ product line. The product portfolio is enhanced by other technologies, like a Reverse Transcriptase, which will be developed and marketed as own products as well. SYGNIS has also developed a screening technology (DoubleSwitch) for the analysis of protein-protein interactions. The Company was able to find a first commercial partner for some of the IP rights of DoubleSwitch ending April 2014.



P&L in €m \ Due Date	31/12/2013	31/12/2014e	31/12/2015e	31/12/2016e
Revenue	0.48	0.64	2.06	5.45
EBITDA	-3.40	-2.46	-1.54	1.56
EBIT	-4.28	-2.73	-1.81	1.27
Net profit	-3.20	-2.80	-1.62	0.98

**Figures in €**

Net profit per share	-0.30	-0.21	-0.12	0.07
Dividende per share	0.00	0.00	0.00	0.00

**Ratios**

EV/Revenue	60.68	45.58	14.14	5.34
EV/EBITDA	neg.	neg.	neg.	18.72
EV/EBIT	neg.	neg.	neg.	23.01
P/E	neg.	neg.	neg.	29.86
P/B	4.91			

**Financial Schedule:****\*\*last research published by GBC:**

Date: publication / price target in € / rating

15/12/2014: RS / 4.05 / BUY

19/11/2014: RS / 4.05 / BUY

01/09/2014: RS / 4.60 / BUY

25/08/2014: RS / 4.60 / BUY

29/07/2014: RG / 6.00 / BUY

\*\* the research reports can be found on our website  
[www.gbc-ag.de](http://www.gbc-ag.de) or can be requested at GBC AG,  
Halderstr. 27, D86150 Augsburg

***TruePrime™ global launch announced; further launches based on TruePrime™ technology are in the pipeline; forecasts and BUY rating confirmed with a target price of €4.05.***

Sales of the SYGNIS product pipeline are being expanded to include self-marketing. While marketing activities have previously focussed on outlicensing the product pipeline, in the future the emphasis will be on self-marketing (also see study dated 19/11/2014). The plan is to make more intensive use of marketing potential and reduce the reliance on licensing partners. Furthermore, within the framework of the new strategy, the entire earnings contribution accrues to SYGNIS AG (when outlicensing, the licensing partner only pays the licence contribution).

Self-marketing will start with the sales launch of the TruePrime™ Single Cell WGA KIT, the first product from the TruePrime™ product range for whole genome amplification from single cells. This is based on Multiple Displacement Amplification (MDA) technology, which requires only a small initial quantity of DNA for reading and reproduction. The SYGNIS TruePrime™ product range has featured the further development of this technology, as a result of which so-called primers (which establish the specific section of DNA to be amplified) are no longer needed for the amplification of DNA. According to the company's own data, the first tests with potential clients have been successfully completed, revealing both a high level of acceptance as well as high revenue potential. Alongside the initiated self-marketing of the TruePrime™ kit, in December 2014 a non-exclusive agreement was signed with BioCat GmbH of Heidelberg, in order to benefit from their specialised client network. SYGNIS AG has also signed a distribution agreement with bioNova scientifica s.l. to sell the TruePrime™ kit in Spain.

We believe that this has cleared the way to achieve positive net income in the 2016 financial year. What's more, the financial situation saw a marked improvement in late 2014 with the full placement of a capital increase (gross inflow of €4.95 million). In this context, we believe that the current financial basis is sufficient for the further development of TruePrime™ kits and for accelerating the company's own sales. Further launches based on TruePrime™ technology are planned for the short term.

On this basis, we see our revenue and earnings forecasts for the next two financial years as being highly achievable. The growing role played by self-marketing is expected to lead to a dynamic increase in revenue. We forecast that during the 2016 financial year, the break-even EBIT will be achieved on a whole year basis for the first time. However, this should already be achieved on a quarterly basis in the second half of 2015, so the current liquidity situation constitutes a sufficient buffer until achieving positive earnings.

<b>in €m</b>	<b>31/12/2014e</b>	<b>31/12/2015e</b>	<b>31/12/2016e</b>
Revenue	0.64	2.06	5.45
EBITDA	-2.46	-1.54	1.56
EBIT	-2.73	-1.81	1.27
Net profit	-2.80	-1.62	0.98

Source: GBC AG

**In the light of the unchanged premises, we confirm our forecast and thus our target share price of €4.05. With a current share price of €2.20 (20/01/2015 at 16:56, XETRA), we are renewing our BUY rating.**

## ANNEX

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The analysts responsible for this analysis are:

**Cosmin Filker, Dipl. Betriebswirt (FH), Finanzanalyst**

**Felix Gode, CFA, Dipl. Wirtschaftsjurist (FH), stellvertr. Chefanalyst**

Other person involved:

**Manuel Hölzle, Dipl. Kaufmann, Chefanalyst**

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GBC AG  
Halderstraße 27  
D 86150 Augsburg  
Tel.: 0821/24 11 33-0  
Fax.: 0821/24 11 33-30  
Internet: <http://www.gbc-ag.de>

E-Mail: [compliance@gbc-ag.de](mailto:compliance@gbc-ag.de)