

SYGNIS AG^{*4;5;7}

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 shares³: 13.298
Marketcap³: 29.26
EnterpriseValue³: 29.13
³ 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

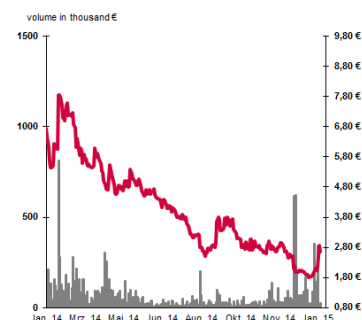
Employees: 20 (30/09/2014)

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 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.

in €m	31/12/2014e	31/12/2015e	31/12/2016e
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

Section 1 Disclaimer and exclusion of liability

This document is intended solely for information purposes. All data and information in this study come from sources that GBC regards as reliable. In addition, the authors have taken every care to ensure that the facts and opinions presented here are appropriate and accurate. Nevertheless, no guarantee or liability can be accepted for their correctness – whether explicitly or implicitly. In addition, all information may be incomplete or summarised. Neither GBC nor the individual authors accept liability for any damage which may arise as the result of using this document or its contents, or in any other way in this connection.

We would also point out that this document does not constitute an invitation to subscribe to nor to purchase any securities and must not be interpreted in this way. Nor may it nor any part of it be used as the basis for a binding contract of any kind whatsoever, or be cited as a reliable source in this context. Any decision relating to the probable offer for sale of securities for the company or companies discussed in this publication should be taken solely on the basis of information in the prospectuses or offer documents which are issued in relation to any such offer.

GBC does not provide any guarantee that the indicated returns or stated target prices will be achieved. Changes to the relevant assumptions on which this document is based can have a material impact on the targeted returns. Income from investments is subject to fluctuations. Investment decisions should always be made with the assistance of an investment advisor. This document cannot replace the role of an advisor.

Sale outside the Federal Republic of Germany:

This publication, if sold in the UK, may only be made available to those persons who, in the meaning of the Financial Services Act 1986 are authorised and exempt, or persons as defined in section 9 (3) of the Financial Services Act 1986 (Investment Advertisement) (Exemptions) Decree 1988 (amended version) and must not be transmitted directly or indirectly to other persons or groups of persons.

Neither this document nor any copy of it may be taken into, transferred to or distributed within the United States of America or its territories and possessions. The distribution of this document in Canada, Japan or other jurisdictions may be restricted by law, and persons who come into possession of this publication should find out about any such restrictions and respect them. Any failure to respect these restrictions may represent a breach of the US, Canadian or Japanese securities laws or laws governing another jurisdiction.

By accepting this document you accept all disclaimers of liability and the restrictions cited above.

You can find the details of this disclaimer/exclusion of liability at:

<http://www.gbc-ag.de/de/Disclaimer.htm>

Legal information and disclosures as required by section 34b para. 1 of Securities Trading Act (WpHG) and Financial Analysis Directive (FinAnV)

This information can also be found on the internet at the following address::

<http://www.gbc-ag.de/de/Offenlegung.htm>

Section 2 (I) Updates

A detailed update of the present analysis/analyses at any fixed date has not been planned at the current time. GBC AG reserves the right to update the analysis without prior notice.

Section 2 (II) Recommendation/ Classifications/ Rating

Since 1/7/2006 GBC AG has used a 3-level absolute share rating system. Since 1/7/2007 these ratings relate to a time horizon of a minimum of 6 to a maximum of 18 months. Previously the ratings related to a time horizon of up to 12 months. When the analysis is published, the investment recommendations are defined based on the categories described below, including reference to the expected returns. Temporary price fluctuations outside of these ranges do not automatically lead to a change in classification, but can result in a revision of the original recommendation.

The recommendations/ classifications/ ratings are linked to the following expectations:

BUY	The expected return, based on the derived target price, incl. dividend payments within the rel 10 %.
HOLD	The expected return, based on the derived target price, incl. dividend payments within the rel 10 % and < + 10 %.
SELL	The expected return, based on the calculated target price, incl. dividend payments within the <= - 10 %.

GBC AG's target prices are determined using the fair value per share, derived using generally recognised and widely used methods of fundamental analysis, such as the DCF process, peer-group benchmarking and/or the sum-of-the-parts process. This is done by including fundamental factors such as e.g. share splits, capital reductions, capital increases, M&A activities, share buybacks, etc.

Section 2 (III) Past recommendations

Past recommendations by GBC on the current analysis/analyses can be found on the internet at the following address:

<http://www.gbc-ag.de/de/Offenlegung.htm>

Section 2 (IV) Information basis

For the creation of the present analysis/analyses publicly available information was used about the issuer(s) (where available, the last three published annual and quarterly reports, ad hoc announcements, press releases, share prospectuses, company presentations, etc.) which GBC believes to be reliable. In addition, discussions were held with the management of the company/companies involved, for the creation of this analysis/these analyses, in order to review in more detail the information relating to business trends.

Section 2 (V) 1. Conflicts of interest as defined in section 34b para. 1 of the Securities Trading Act (WpHG) and Financial Analysis Directive (FinAnV)

GBC AG and the analysts concerned hereby declare that the following potential conflicts of interest exist for the company/companies described, at the time of this publication, and in so doing meet the requirements of section 34b of the Securities Trading Act (WpHG). A detailed explanation of potential conflicts of interest is also listed in the catalogue of potential conflicts of interest under section 2 (V) 2.

In relation to the security or financial instrument discussed in this analysis the following possible conflict of interest exists: (4;5;7)

section 2 (V) 2. Catalogue of potential conflicts of interest

- (1) GBC AG or a legal person connected to them holds shares or other financial instruments of this company at the time of publication.
- (2) This company holds over 3 % of the shares in GBC AG or a legal person connected to them.
- (3) GBC AG or a legal person connected to them is a market maker or designated sponsor for the financial instruments of this company.
- (4) GBC AG or a legal person connected to them has, over the previous 12 months, organised or played a leading role in the public issue of financial instruments for this company.
- (5) GBC AG or a legal person connected to them has over the last 12 months agreed to create research reports for this company in return for payment. As part of this agreement the issuer was shown the draft of this analysis (excluding the evaluation section) prior to publication.
- (6) GBC AG or a legal person connected to them has over the last 12 months agreed with a third party to create research reports about this company in return for payment. As part of this agreement the issuer was shown the draft of this analysis (excluding the evaluation section) prior to publication.
- (7) The analyst responsible for this report or any other person involved in this report holds shares or other financial instruments of this company at the time of publication.
- (8) The analyst responsible for this company is a member of the company's Executive Board or Supervisory Board.
- (9) The analyst responsible for this report received or purchased shares in the company analysed by said analyst, prior to the time of publication.

Section 2 (V) 3. Compliance

GBC has defined internal regulatory measures in order to prevent potential conflicts of interest arising or, where they do exist, to declare them publicly. Responsibility for the enforcement of these regulations rests with the current Compliance Officer, Markus Lindermayr, Email: lindermayr@gbc-ag.de.

Section 2 (VI) Responsibility for report

The company responsible for the creation of this/these analysis/analyses is GBC AG, with registered office in Augsburg, which is registered as a research institute with the responsible supervisory authority (Federal Financial Supervisory Authority or BaFin, Lurgiallee 12, 60439 Frankfurt, Germany).

GBC AG is currently represented by its board members Manuel Hölzle (Chairman), Jörg Grunwald and Christoph Schnabel.

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

Section 3 Copyright

This document is protected by copyright. It is made available to you solely for your information and may not be reproduced or distributed to any other person. Any use of this document outside the limits of copyright law shall, in principle, require the consent of GBC or of the relevant company, should the rights of usage and publication have been transferred.

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