
 Note on research as a “minor non-monetary benefit” according to the MiFID II regulation: This research meets the requirements for being classified as a “minor non-monetary benefit”. For more information, see the disclosure under “1. Research under MiFID II”

04/07/2018 - GBC Research Comment - MagForce AG

Company: MagForce AG^{*5a;6a;11}

ISIN: DE000A0HGQF5

Analysts: Cosmin Filker, Matthias Greiffenberger

Current Share Price: 4.67 € (XETRA-closing price 03/07/2018)

Target Price: 15.80 €

Rating: BUY

Date of completion/Date of first publication: 04/07/2018

*catalogue of potential conflicts of interests on page 4

MagForce enrolls the first patient in its single-arm study in the USA - Another important milestone for entering the attractive US market – Target price of € 15.80 confirmed – Rating BUY

The company announced on the 02/07/2018 that it has enrolled the first patient in its clinical evaluation with the Company's innovative NanoTherm selective ablation. This represents an important milestone in the history of the company and should make a significant contribution to the future development of the US market.

The purpose of this registration study is to demonstrate that NanoTherm therapy can focally ablate cancer lesions with minimal side effects for patients who have progressed to intermediate risk prostate cancer stage. The objective of the new cancer treatment is to establish itself as a further pillar of cancer therapy alongside conventional treatment methods such as surgery, radiation and chemotherapy.

The method is based on the insertion of a liquid containing super-paramagnetic, nano-sized iron oxide particles into the cancer cells. Afterwards an alternating magnetic field is created, which activates the nanoparticles, whereby the orientation of the magnetic field alternates around 100,000 times per second, resulting in the activation of the nanoparticles and therefore heating the tissue of the injected tumour. This results in the destruction of cancer cells directly at the NanoTherm depots, in addition to the hyperthermic effect in the vicinity of the tumour.

An important milestone was the FDA's approval in February 2018 to conduct a registration study for the approval for the treatment of prostate cancer in the United States. The successful patient recruitment is now underway, with the goal of enrolling up to 120 male patients in the single-arm study.

We expect the study to be completed in the second half of 2019 with subsequent market approval at the end of 2019. Subsequently, MagForce could tap into the high-volume US market, which should lead to significant increases in sales.

The scheduled start of the study and the first enrollment speaks for itself and we confirm our forecast and our price target of € 15.80 per share. Based on the current share price, we confirm a BUY rating.

ANNEX

I.

Research under MiFID II

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2. The research report is simultaneously made available to all interested investment services companies.

II.

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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%.

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