

27th March 2019

## MEDIGENE

| Healthcare  
| Biotech

## BUY

**Fair Value** EUR16.2 vs. 16.1(+83%)  
**Share price** EUR8.87  
**EPS 3Y Cagr** 0

### Medigene 2018 results - progress and potential

#### Solid 2018 Financial results - restatements but no surprises

Medigene, a developer of innovative immunotherapies designed to target and kill malignant cells in various cancers, today released its full financial results for the year ended December 31<sup>st</sup>, 2018. Given the recent announcement (05/03/19) concerning the restatements of the accounts following the random audit by the German Financial reporting Enforcement Panel (FREP), the financial results for the year contained no real surprises. Total revenues were EUR7.8m, R&D and SG&A spending were EUR17.1m and EUR7.6m, respectively, resulting in EBIT of EUR-17.8m and a net loss of EUR-17.1m. In addition to a capital increase of EUR32m, tight fiscal control whilst increasing investments in R&D enabled the company to end 2018 with EUR71.4m (up from EUR51.7m the prior year). Importantly, Medigene continues to drive forward its leading pipeline programmes such as the DC Vaccine and MDG1011 whilst bringing more candidates into development and enhancing its technology platforms.

#### Pipeline filling and progressing

The most advanced product candidates in Medigene's pipeline, its DC Vaccine (WT-1 and PRAME) in phase I/II and MDG1011 (HLA-A2 PRAME specific TCR-T cells) also in phase I/II, continue to move through their respective trials. Detailed interim results (at 12 months of treatment) for the DC Vaccine used in 20 AML patients are expected to be presented at a scientific meeting in Europe in H1'19. The 2-year treatment period for all patients will be completed by the end of 2019. To date results are encouraging with OS of 89% and PFS of 60% after 12 months of treatment. The MDG1011 trial in AML, MDS or MM patients has begun to treat patients and decisive steps have been taken to increase the rate of patient enrolment in Germany. The company has exclusively licensed the worldwide rights to an HA-1-specific TCR which is expected to be the company's next candidate to enter clinical development in 2020.

#### Collaborations expanding

The company's collaboration with bluebird bio was expanded during the year from 4 to 6 targets with a commensurate increase in R&D funding and potential milestone payments. Medigene received an additional upfront payment from bluebird bio of \$8m taking the total upfronts to \$23m since the initial deal was agreed in 2016. Medigene's deals elsewhere also build on different scientific fronts showing the company is at the leading edge of TCR cell therapies. One particularly exciting deal (with the Helmholtz Zentrum Munich), for a chimeric co-stimulatory receptor combining PD-1 and 4-1BB, has tremendous potential to overcome T-cell blockade by solid tumours while enhancing TCR-T cell effector function and supporting TCR-T cell survival/longevity.

#### Positive profile for 2019

Medigene is well managed scientifically, clinically, financially and commercially, and we are optimistic for its future. Our financial forecasts reflect revised guidance for 2019 and show cash for 2+ years. We reiterate our BUY rec with a FV of EUR16.2/sh.

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#### Market Data

Bloomberg / Reuters	MDG1 GR/MDG1k.DE
Market Cap.	EUR218m
E.V.	EUR146m
Free Float	-
Avg. Daily volume (6m)	121.8
12m high / low	16.4 / 7.3
Ytd Perf.	20.1%

EURM	03/19	03/20e	03/21e	03/22e
Sales	7.8	6.5	7.3	6.4
% Change	-12.7%	-16.2%	12.1%	-12.2%
R&D	-17	-28	-30	-29
EBITDA	-16	-28	-29	-30
EBIT	-18	-30	-31	-32
% Change	-12.2%	-66.7%	-4.7%	-2.2%
Net Income	-17	-30	-31	-32
% Change	-6.6%	-75.2%	-3.8%	-2.7%
Cash	71	42	11	-39

	03/19	03/20e	03/21e	03/22e
EV/Sales	18.9x	22.5x	20.1x	22.9x
EPS	-0.72	-1.22	-1.26	-1.30

**Next Catalyst :** Detailed interim results for DC Vaccine in AML

**Last Reports:**

[2019-1-9, Targeting Cancer: Therapeutic TCR-T-cells](#)

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NEUTRAL ratings 39%

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