

Medigene

Fund-raising

Fund-raising to accelerate clinical programme

Medigene has announced a placing of €20.7m gross (issuing 2m new shares at €10.55) to intensify its R&D through the expansion of its planned T-cell receptor (TCR) modified T-cells clinical programme. This was achieved with an accelerated book build process and became effective today. The fund-raising was over-subscribed and included both existing institutional shareholders and new specialised healthcare investors. We place our financial forecasts and valuation under review to assess the full impact, but see this as a significant and positive step.

| Year end | Revenue (€m) | PBT* (€m) | EPS* (€) | DPS (€) | P/E (x) | Yield (%) |
|----------|--------------|-----------|----------|---------|---------|-----------|
| 12/15 | 6.8 | (12.8) | (0.74) | 0.0 | N/A | N/A |
| 12/16 | 9.7 | (11.3) | (0.56) | 0.0 | N/A | N/A |
| 12/17e | N/A | N/A | N/A | N/A | N/A | N/A |
| 12/18e | N/A | N/A | N/A | N/A | N/A | N/A |

Note: *PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

Medigene has announced a €20.7m gross fund-raising through a placing of 1.96m shares at a price of €10.55 each. According to the company, the funds will be used to accelerate its TCR clinical programme into additional geographic regions and indications.

Medigene has recently made good progress by realising value from a number of its non-core assets to more strongly focus on its core business, which we believe will take significant steps in 2017. For example, we expect Medigene to initiate its own TCR clinical study as well as an investigator-initiated TCR study. Alongside progressing into the clinic, we also expect it to advance in generating further TCR leads, particularly through its TCR development deal with bluebird bio, a prominent T-cell immunology company.

Medigene operates in an area of significant interest, particularly around CAR-T candidates and technologies (we note that Medigene's TCRs could offer efficacy/safety advantages). We place our forecasts and valuation under review to assess the full impact of the fund-raising and accelerated plans.

Pharma & biotech

5 May 2017

Price **€10.62**

Market cap **€235m**

Net cash (€m) at 31 December 2016 (pro forma adjusted for net equity raise) 72.3

Shares in issue 22.1m

Free float 62.6%

Code MDG1

Primary exchange XETRA

Secondary exchange Frankfurt

Share price performance



Business description

Medigene is a German biotech company with complementary technology platforms in cancer immunotherapy. Dendritic cell vaccines are in Phase I/II clinical studies, while a T-cell receptor candidate should enter the clinic in 2017.

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