

11/05/2016 - GBC Research Comment - MagForce AG

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

ISIN: DE000A0HGQF5

Analyst: Cosmin Filker

Latest stock quote: € 4.60 (XETRA-closing price of 10/05/2016)

Target price: € 14.30

Rating: BUY

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*Potential conflicts of interest on page 4

Europe: Commercial treatment with NanoTherm[®]-Therapy is now available at clinical centre Vivantes Friedrichshain.

USA: Registration trial on target to start in 2016. Approval for treatment of prostate cancer expected in late 2017.

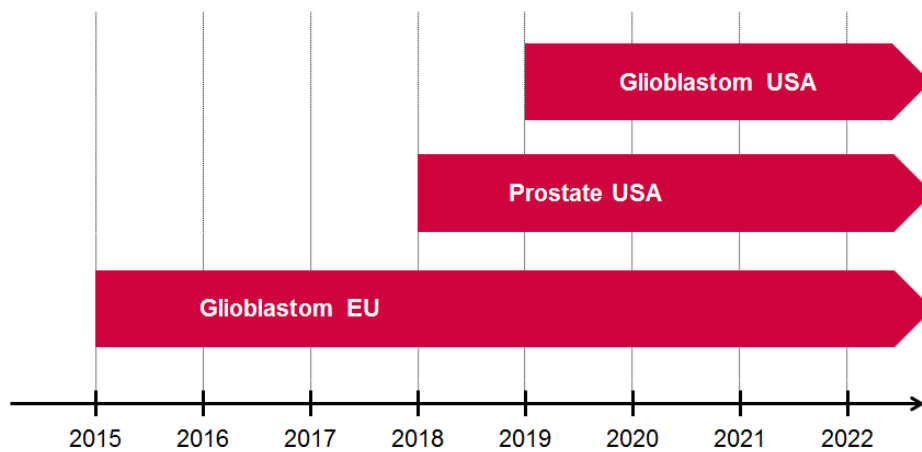
MagForce AG published on the 26/04/2016 the expansion of the commercial treatment. NanoTherm[®]-Therapy is already available for commercial treatment of malignant brain tumours (Glioblastoma) at four clinical centres. Now, also the clinical centre Vivantes Friedrichshain in cooperation with the clinical centre for radiotherapy of the Charité uses this innovative treatment.

Six clinical centres in Germany are already equipped with the NanoActivator[®] in which four centers use the MagForce-Therapy commercially. According to the company, the amount of treatments is still low and therefore the sales level has not reached a notable extend. To increase the patient enquiries, the company initiated a new patient program and also recruited an experienced commercial development team that focuses on Germany's neighbouring countries (especially: Poland and Czech Republic).

A decisive factor for the expansion of the commercial treatment is the possibility of reimbursement for the treatment of the NanoTherm[®]-Therapy. In Germany the costs for the treatment are only covered by the private health insurance companies, whereas in other countries the focus for patients is set on endowments. If the treatment gets covered by the statutory health insurance, then according to an EU-Directive, also patients from other countries can take advantage of the reimbursement. In general, MagForce AG tries to improve the reimbursement situation for the treatments.

One aspect of the improvement for the reimbursement is the increase of popularity of the NanoTherm[®]-Therapy. In the context of a currently running post-marketing-study, the good results of previous studies should be validated though including key opinion leaders. The early involvement of key opinion leaders of the oncology, allows experts to familiarise themselves with the post-marketing-study and the new treatment, which will also increase the popularity of the MagForce-therapy.

Simultaneously to the already existing approval of the NanoTherm[®]-Therapy for the treatment of malignant brain tumours, there is also approval pursued to treat prostate cancer in the USA. In that regard, the subsidiary MagForce USA, Inc. submitted in the middle of 2015 an application to the FDA for permission to conduct a clinical study. In context of the proposed clinical study, up to 120 male patients with prostate cancer (Gleason-Score 7: active surveillance programme) should show the elimination of the carcinogenic lesions. We expect the start of the clinical study during the current fiscal year 2016 and the market approval for end of the year 2017.



Based on the current forecast, we reiterate our target price of € 14.30 per share. Regarding the current share price of € 4.60, we confirm our BUY rating.

ANNEX

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