

MagForce AG*5a,6a,11

BUY

Target Price: €11.00
(previous TP: €11.00)

Current price: 5.38
17/12/19 / XETRA / 2:49 pm
Currency: EUR

Key information:

ISIN: DE000A0HGQF5
WKN: A0HGQF
Ticker symbol: MF6
Number of shares³: 28.81
Marketcap³: 154.97
EnterpriseValue³: 178.67
³ in € million

Transparency level:
Entry Standard

Market segment:
Freiverkehr

Accounting standard:
HGB

Financial year-end: 31/12

Designated Sponsor:
Hauck & Aufhäuser
Mainfirst

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* catalogue of potential conflicts of interest on page 6

Date (time) of completion:
17/12/2020 (4:52 pm)

Date (Time) first distribution:
18/12/2020 (9:30 am)

Target price valid until:
max. 31/12/2021

Company Profile

Sector: Medical technology

Specialty: Cancer therapy

Employees: 26 Status: 31.12.2019

Foundation: 1997

Head office: Berlin

Board of Directors: Dr. Ben J. Lipps,
Christian von Volkmann



By its own account, MagForce AG, with its registered office in Berlin, is a leading company in the field of nanomedicine with a focus on cancer treatment. The NanoTherm® treatment developed by the company could be suitable for the local treatment of almost all solid tumours. The treatment is based on heat that is created by the activation of injected superparamagnetic nanoparticles. The components of this treatment, the medical devices NanoTherm® and NanoPlan® and the thermometric catheter TK01 and NanoActivator® with a thermometric unit are certified in the EU for the treatment of brain tumours. The objective of this new cancer treatment is to establish itself as a further pillar of cancer treatment alongside conventional treatment methods such as surgery, radiotherapy and chemotherapy. In addition, the MagForce technology is currently being approved for the treatment of prostate cancer in the United States. According to available data, the NanoTherm therapy displays a promising degree of effectiveness as well as being tolerated well.

| P&I in EURm | 2018 | 2019e | 2020e | 2021e | 2022e | 2023e |
|------------------------------|-------|--------|--------|-------|-------|-------|
| Sales | 0.84 | 0.94 | 3.87 | 19.72 | 30.17 | 48.42 |
| EBITDA | -5.56 | -7.30 | -5.81 | 3.68 | 7.64 | 17.84 |
| EBIT | -6.20 | -7.90 | -6.87 | 2.27 | 5.92 | 15.47 |
| Net profit before minorities | -8.73 | -10.76 | -10.17 | -1.22 | 3.19 | 13.06 |

Key figures

| | | | | | | |
|-----------------------|--------|--------|-------|-------|-------|-------|
| EV/Sales | 212.70 | 190.07 | 46.17 | 9.06 | 5.92 | 3.69 |
| EV/EBITDA | neg. | neg. | neg. | 48.55 | 23.39 | 10.01 |
| EV/EBIT | neg. | neg. | neg. | 78.71 | 30.18 | 11.55 |
| P/B before minorities | neg. | neg. | neg. | neg. | 48.58 | 11.87 |

Financial dates

**last research published by GBC:

Date: Publication / Target Price in EUR / Rating

12.11.2020: RS / 11.00 / BUY

28.11.2019: RS / 13.50 / BUY

10.09.2019: RS / 13.50 / BUY

07.11.2018: RS / 15.30 / BUY

** the research reports can be found on our website www.gbc-ag.de or can be requested at GBC AG, Halderstr. 27, D-86150 Augsburg

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 "I. Research under MiFID II"

Capital increase of €4.7m successfully implemented to finance growth strategy, high share price potential, BUY rating confirmed

Since our last research study (see research study dated 12.11.2020), the share price of MagForce AG has developed significantly positively. Within just one month, the share price has risen significantly by approximately 115% from €2.50 to the current level of €5.38. Against this background, the capital increase carried out by the company is easily understandable. According to the company's announcement of 15 December 2020, a total of 1.17 million new shares, which corresponds to 4.2% of the share capital, were successfully placed with institutional and qualified investors at a price of € 4.00. In total, the issue proceeds amount to around € 4.7 million. The newly raised funds will be used to finance the growth strategy and strengthen the balance sheet overall.

The growth strategy includes the continuation and acceleration of the roll-out of the MagForce treatment technology in Europe. For this purpose, it is planned to build treatment devices and install them at focal centres for the treatment of brain tumours. Most recently, the company announced the successful commissioning of the treatment centre at the Hufeland Clinic in Mühlhausen. Now that the final acceptance test has taken place, the first brain tumour patients at this hospital are to be treated with MagForce technology as early as December. With this installation, the company now has three treatment locations in Germany and one in Poland. Although expansion activities in other European countries were delayed this year due to the Covid 19 pandemic, new devices are to be installed here in 2021, particularly in Spain and Italy, and the treatment base is to be significantly expanded.

At the same time, the prostate cancer treatment study in the USA is being conducted by the subsidiary MagForce USA, Inc. Start of the final stage of the study, Stage 2b, is expected to begin in early 2021. While the study is being completed, MagForce will already begin preparations for commercialization, which is anticipated to start in mid or the second half of 2021.

MagForce AG has established several options for financing these two commercialisation paths of the MagForce technology. In addition to the current successful capital increase, the Company has concluded a financing agreement with the European Investment Bank (EIB) for a total of €35 million, of which a total of €13 million had been drawn down as at the reporting date of 30 June 2020. In addition, a convertible bond programme totalling €15 million was agreed with Yorkville. As of the reporting date 30 June 2020, convertible bonds totalling € 2.5 million had been issued.

We have included the current capital increase in our DCF valuation model and confirmed the target price of € 11.00 (previously: € 11.00). In addition to a slight price target reduction, which is purely technical in nature, the capital increase has slightly reduced the risk. Both effects cancel each other out. We continue to assign the rating BUY.

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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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 relevant time horizon is $\geq + 10\%$. |
| HOLD | The expected return, based on the derived target price, incl. dividend payments within the relevant time horizon is $> - 10\%$ and $< + 10\%$. |
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