

<b>Hold</b> (Buy)  <b>EUR 3.30</b>  Price EUR 2.30 <b>Upside 43.5 %</b>	<b>Value Indicators:</b> EUR DCF: 3.39	<b>Share data:</b> Bloomberg: ECX GR Reuters: ECXN.DE ISIN: DE000A11QW50	<b>Description:</b> Development and distribution of diagnostic products
	<b>Market Snapshot:</b> EUR m Market cap: 108.4 No. of shares (m): 47.1 EV: 106.6 Freefloat MC: 108.4 Ø Trad. Vol. (30d): 74.27 th	<b>Shareholders:</b> Freefloat 100.0 % Deutsche Balaton AG 16.2 % Bridger Healthcare Ltd. 9.7 % Altium Growth Fund 5.2 % 683 Capital 5.2 %	<b>Risk Profile (WRe):</b> 2020e Beta: 2.1 Price / Book: 51.8 x Equity Ratio: 40 %

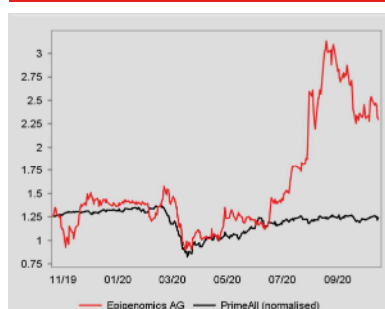
## NCD proposal negative

The US Centers for Medicare & Medicaid Services (CMS) issued a negative reimbursement proposal for Epi proColon, Epigenomics' blood-based colorectal cancer test, late Friday.

The proposed National Coverage Determination (NCD) is preliminary. Now, a 30-day public comment period will begin. Following the comment period, CMS will publish its final decision within 60 days.

Epigenomics will use the public comment period to convince CMS of the benefits of Epi proColon in the fight against colon cancer. If the final decision is also negative, the company said that it will appeal the decision.

**Surprising outcome, rating lowered to Hold:** The decision published by CMS took us by surprise. The public response during the initial public comment period at the beginning of the NCD process was very positive. Furthermore, the results of a micro-simulation study published in Cancer Medicine indicated that Epi proColon provides clinically meaningful reductions in colorectal cancer incidence and mortality. In view of this, a revision of the initial outcome might be possible. Nevertheless, the published initial negative proposal is the worst possible outcome. The company is currently financed into Q1 2021. We expect a negative share price reaction and lower our rating from Buy to Hold.



Rel. Performance vs PrimeAll:	
1 month:	-3.5 %
6 months:	95.8 %
Year to date:	74.3 %
Trailing 12 months:	77.8 %

Company events:	
12.11.20	Q3
26.11.20	Meet the Future

FY End: 31.12. in EUR m	CAGR (19-22e)	2016	2017	2018	2019	2020e	2021e	2022e
<b>Sales</b>	217.4 %	4.2	1.9	1.5	1.1	1.2	16.4	36.0
Change Sales yoy		101.8 %	-55.6 %	-17.8 %	-26.6 %	4.9 %	1292.8 %	118.9 %
Gross profit margin		61.1 %	86.8 %	71.3 %	76.1 %	75.0 %	84.0 %	84.4 %
<b>EBITDA</b>	-	-12.0	-9.9	-12.6	-13.3	-11.5	-13.6	-0.4
Margin		-284.6 %	-533.6 %	-821.1 %	-1184.3 %	-972.2 %	-82.6 %	-1.1 %
<b>EBIT</b>	-	-12.3	-10.3	-12.9	-13.8	-12.0	-14.2	-1.2
Margin		-293.1 %	-552.0 %	-841.2 %	-1228.5 %	-1015.7 %	-86.4 %	-3.4 %
<b>Net income</b>	-	-11.2	-10.2	-12.7	-13.2	-12.0	-14.2	-1.2
<b>EPS</b>	-	-0.55	-0.44	-0.47	-0.35	-0.26	-0.30	-0.03
EPS adj.		-0.55	-0.42	-0.49	-0.35	-0.26	-0.30	-0.03
<b>DPS</b>	-	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dividend Yield		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<b>FCFPS</b>		-0.67	-0.44	-0.36	-0.37	-0.27	-0.39	-0.16
<b>FCF / Market cap</b>		-14.9 %	-9.1 %	-12.9 %	-22.0 %	-11.5 %	-16.8 %	-6.9 %
<b>EV / Sales</b>		18.9 x	55.8 x	37.5 x	45.2 x	90.4 x	7.6 x	3.7 x
<b>EV / EBITDA</b>		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<b>EV / EBIT</b>		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<b>P / E</b>		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<b>P / E adj.</b>		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<b>FCF Potential Yield</b>		-13.6 %	-9.4 %	-20.7 %	-32.8 %	-10.8 %	-10.9 %	-0.3 %
<b>Net Debt</b>		-12.2	-7.2	-17.1	-11.0	-1.8	16.4	23.9
<b>ROCE (NOPAT)</b>		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Guidance:</b>		Adjusted EBITDA of between EUR -10.5m to -12.5m						