

FUTURAGENE (FGN.L) - BUY - PRICE/TARGET : 56P/100P

LICENSE DEAL WITH BAYER CROP SCIENCE

Deal highlights breadth of FGN's portfolio

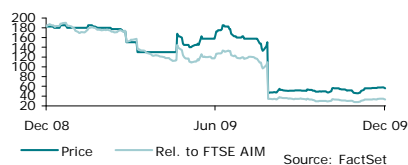
Year to Dec (GBPm)	FY09A	FY10E	FY11E
SALES	0.0	1.0	1.0
EVO PBT	(0.5)	(0.3)	0.4
EPS (p)	(0.9)	(0.5)	0.9
P/E	-	-	63.2x
Yield	0.0%	0.0%	0.0%
EV/EBITDA	-	-	55.5x

EVO TAKE – FuturaGene is now fully-funded, allowing long-term investors to buy the shares without having to worry about the financing risk. This means that deals like the one signed with Bayer Crop Science today should have a significant impact on the share price.

DETAILS – FuturaGene has followed up Monday's announcement of its £3m placing (with warrants over a second tranche of £3m expiring next December) with a license deal with Bayer for its drought tolerance technology. This is the first significant customers for FuturaGene's drought genes; up to now it's many deals with industry majors have related to its yield enhancing technology which boosts growth of plant cell walls.

VALUATION AND RECOMMENDATION – Our initiation on FuturaGene was titled 'Trade of the Decade'. Although genetic technologies take several years to commercialise, they are extremely valuable once they are in place, literally adding billions of dollars to global agricultural output. FuturaGene's market cap of £28m (yesterday's closing price) is tiny compared to the potential value of its technology, and today's license with Bayer is yet another indication of this. Remains a BUY.

Market Cap	Net Cash	Interest Cover
£28m	£0m	7



Price Perf	Abs.	Rel. to FTA
1mth (%)	22	20
3mth (%)	8	(6)
12mth (%)	(69)	(82)

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