

TetraLogic Pharmaceuticals (TLOG : US\$5.56)

TetraLogic Pharmaceuticals continues downtrend, now plummets 47% in 2014

TetraLogic Pharmaceuticals Corporation, NASDAQ's 20th largest biotechnology company by market cap, has now plummeted US\$4.99 (or 47.3%) year to date in 2014 to close at US\$5.56. This loss means the stock is amongst the bottom 3% of NASDAQ-listed stocks in 2014. The volume YTD has been 0.9 times average trading of 128,936 shares. Compared with the NASDAQ-100 Index which has risen 6.7% YTD, this represents a relative price change of -54%. In 2014 the market cap has declined US\$107.9 million.

Introduction

We are currently bearish on this stock, both in the short-term based on technical indicators, as well as in the long-term based on fundamental metrics

What makes us most bearish on the stock is the following:

- In the last three months the number of falls outnumbered rises 44:17 or 2.59:1.
- The Q Ratio, defined by James Tobin as MCap divided by Total Assets, is 2.2. Compared with the rest of the market the stock is overvalued.
- It is trailing 90.53% of the market the past 6 months.

However, there are some reasons why some in the market are more bullish on the stock:

- Its Moving Average Convergence Divergence indicators are rising, with its 12-day EMA higher than its 26-day EMA.
- The Price to Book of 2.4 lower than average of 5.7 for the Biotechnology sector and 6.1 for the Total NASDAQ Market.

Stock Summary

Sector	Biotechnology
Market Cap	US\$123.9 million
Shares Outstanding	22,275,194
ISIN	US88165U1097
Relative Strength (3 mo)	8

MCap: A Historical Perspective

	Share Price (USD)	Market Cap (\$)
Last	5.6	123.9 million

Analysis

Bullish Signals

- In the last 9 trading sessions there has been a net rise of 16.08%; the stock has advanced seven times and the biggest one day rise was 14.9% on Jun 10.
- The Moving Average Convergence Divergence (MACD) indicator of 12-day Exponential Moving Average (EMA) of 5.43 minus the 26-day EMA of 5.32 is positive suggesting a bullish signal. Both the 12-day EMA as well as the 26-day EMA are rising, another bullish signal.

Undervaluation:

- The Price to Book of 2.4 lower than average of 5.7 for the Biotechnology sector and 6.1 for the Total NASDAQ Market.
- The company is cash rich with Cash to Market Capitalisation at 44.5%.

Other Bullish Signals:

- Return on Assets is negative but improving in recent years.

Annual Trend:

[Year ended, all figures in %]:

Year	ROE	ROA
Dec 13	-45.9	-41.8
Dec 12	-	-402.2

Also, the following criteria set by Benjamin Graham:

- "A stock price down to at least two-thirds of tangible book value per share"; the price is 0.3 times tangible book value per share of \$US22.
- "Current ratio of two or more"; current assets are 11.2 times current liabilities.

Bullish Indicators and Rank in Market:

Description	Value	Rank In Market
Cash to MCap %	44.5	In Top 3%
%Prem To Vol Wtd Price	10.3	In Top Quartile

Bearish Signals

- The price is at a premium of 10.3% to the 1-month volume weighted average price of US\$5.04. Given that this premium has been under 10.3% ninety-nine times and over 10.3% twenty-one times in the last year, the downside:upside probability is estimated at 99:21 or 4.7:1.
- In the NASDAQ market of 2,388 stocks traded today, the stock has a 6-month relative strength of 9 indicating it is trailing 91.0% of the market.
- The current short volume is 2.6 times its own historical average of 0.1%. It lifted 3.8% from the previous day, lifted 2.7% from a week ago and soared 235.8% from a month ago, a significant bearish indicator.

Overvaluation:

- The Q Ratio, defined by James Tobin as MCap divided by Total Assets, is 2.2. Compared with the rest of the market the stock is overvalued.

Other Bearish Signals:

The stock has a score of merely 1 out of 9 set by Joseph Piotroski [pass mark >=5]:

Improvement in current ratio from 1.5 to 11.2.

Bearish Indicators and Rank in Market:

Description	Value	Rank In Market
Relative Strength (6M)	9	In Bottom 8%
Volatility %	10.4	In Bottom 5%
Price Change %	-3.6	In Bottom 5%
Price/MAP50	0.45	In Bottom 2%

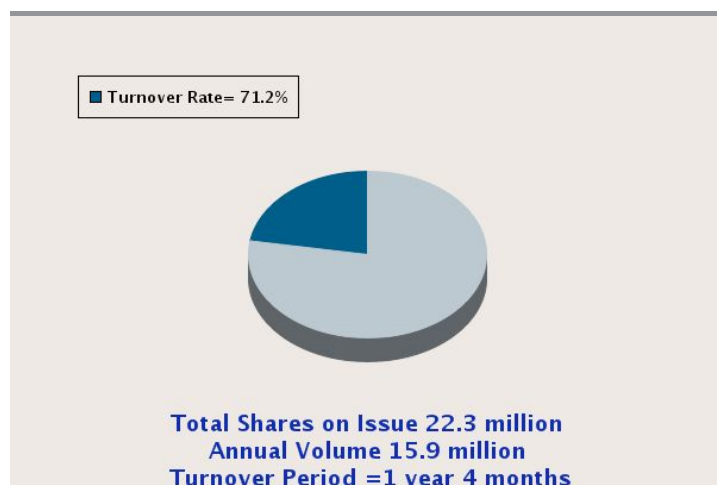
Note

Neutral Indicators and Rank in Market:

Description	Value	Rank In Market
Turnover in Quarter	US\$36.9 million	In 3rd Quartile
MCap	US\$123.9 million	In 3rd Quartile

Analysis (continued)

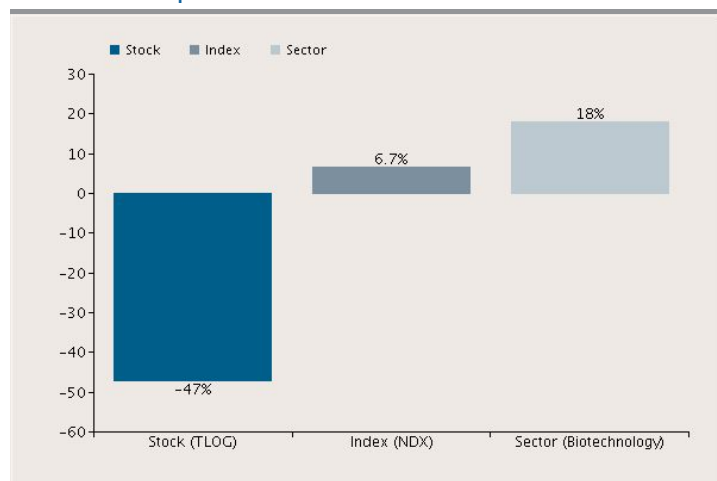
Turnover Rate & Turnover Period



Trailing 3 months

Turnover	US\$36.9 million
Volume	6,107,634
Volume Index (1 is avg)	0.7

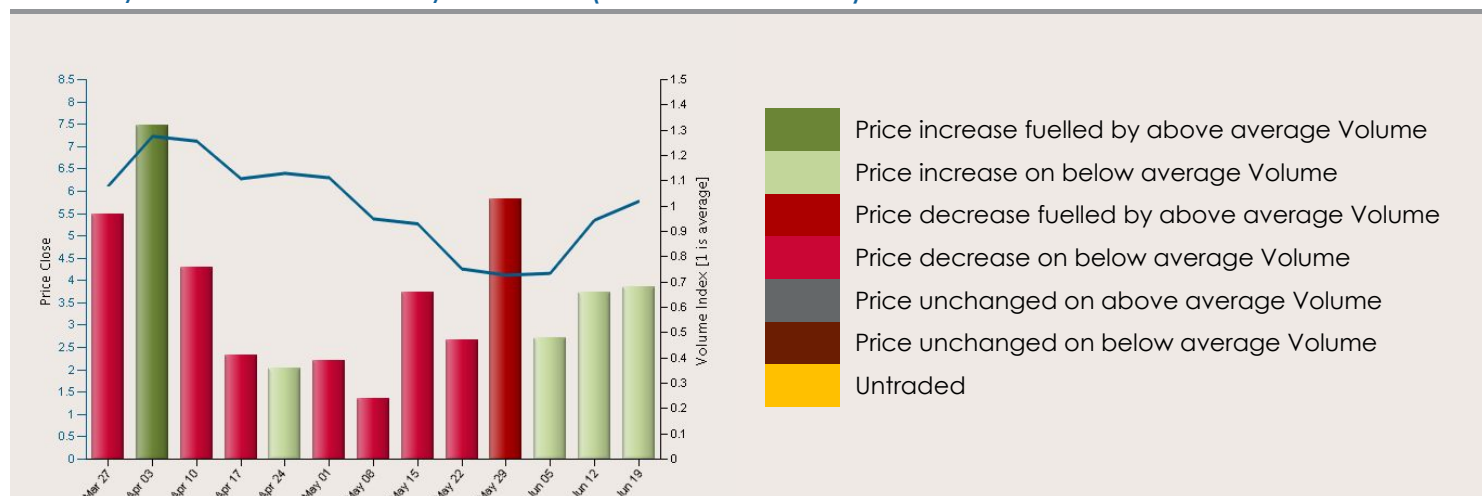
YTD Comparison Stock Sector Index



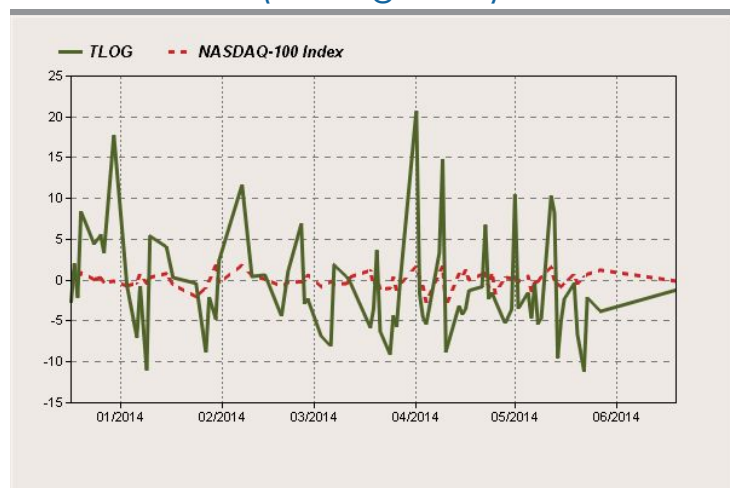
Price Volume Trend: Trailing Quarter



Weekly Price Volume Dynamics (Last 12 Weeks)



Stock v Index (Trailing Year)



Peer Group Analysis

[Sector sorting](#)

Name	Last Price	Relative strength (6-months)	MCap (Millions)	PV \$1000 (1 yr)	Revenue (Millions)	Net Profit (Millions)	Total Assets (Millions)
GlycoMimetics	7.83	-	146	-	4	-11	5
Fate Therapeutics	6.22	29	127	-	1	-21	56
Ambit Biosciences	6.98	7	125	990	27	-11	74
TetraLogic Pharmaceuticals	5.56	9	124	-	-	-23	56
Onconova Therapeutics	5.13	1	111	-	5	-65	105
GenVec	2.56	84	44	6,244	4	-10	7
Heat Biologics	4.98	6	32	-	-	-9	23

Recent Analyst Recommendations

Date	Brokerage	Action	Past Rating	Current Rating	Prev Target	Price Target
09-Apr-2014	WBB Securities	Upgrade	Speculative Buy	Buy	12	15.5

Company Overview

Activities

TetraLogic Pharmaceuticals Corp operates as a biopharmaceutical company. The Company discovers and develops small molecule peptide-mimetic drugs for the treatment of cancers. TetraLogic offers its products throughout the United States.

Further details can be found at www.tetralogicpharma.com.

Regulatory Announcements

To view Recent Company Headlines, [click here](#)

June 13: TetraLogic Pharmaceuticals Announces Conference Call With Dr. Marc Pellegrini of the Walter and Eliza Hall Institute of Medical Research to Discuss TetraLogic Infectious Disease Program

May 28: TetraLogic Pharmaceuticals to Present Data From Its Clinical Investigation of SHAPE at the Annual American Society of Clinical Oncology Meeting

April 30: TetraLogic to Present at the Deutsche Bank 39th Annual Healthcare Conference

April 09: TetraLogic Pharmaceuticals Announces Publication of Structural Characterization of Birinapant

April 07: TetraLogic Agrees to Acquire Shape Pharmaceuticals, Inc.

April 01: TetraLogic Pharmaceuticals Announces Publication of Preclinical Characterization of Birinapant

March 31: TetraLogic to Present at the 13th Annual Needham Healthcare Conference

To view 8-K people news for TetraLogic-Pharmaceuticals, [click here](#)

January 29: John M. Gill - TetraLogic Pharmaceuticals director resigns

January 29: Brenda Gavin - TetraLogic Pharmaceuticals director resigns

To view 8-K other news for TetraLogic-Pharmaceuticals, [click here](#)

June 18: TetraLogic Pharmaceuticals: Regulation FD Disclosure

June 18: TetraLogic Pharmaceuticals: Other Events

April 14: TetraLogic Pharmaceuticals: Completion of Acquisition or Disposition of Assets

April 11: TetraLogic Pharmaceuticals: Entry into a Material Definitive Agreement

April 08: TetraLogic Pharmaceuticals: Regulation FD Disclosure

Issued Capital

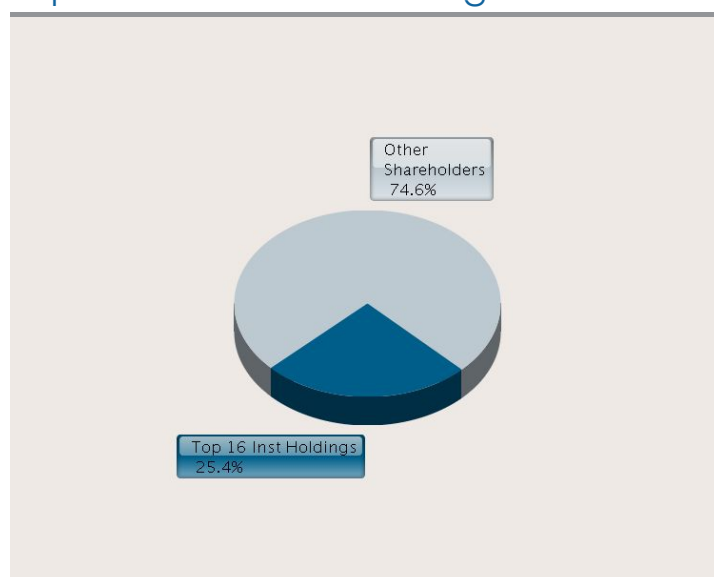
Based on 22,275,194 issued equity shares the market capitalisation is US\$123.9 million.

The top sixteen shareholders hold 25.4% of the issued capital leaving a float of 74.6%.

Top 10 Shareholders

Name of Shareholder	No. of Shares	% Held
Clarus Ventures Llc	4,644,705	20.85
Sphera Funds Management Ltd.	200,000	0.9
Nicholas Investment Partners Lp	178,166	0.8
Pine River Capital Management L.P.	166,800	0.75
First Eagle Investment Management Llc	152,800	0.69
Alyeska Investment Group L.P.	75,659	0.34
Goldman Sachs Group Inc	52,066	0.23
Bank Of New York Mellon Corp	36,604	0.16
Geode Capital Management Llc	34,164	0.15
California Public Employees Retirement System	30,282	0.14
Total	5,571,246	25.01

Top 16 Institutional Holdings



Board and Management

J. Kevin Buchi CEO & President

Mr. J. Kevin Buchi is President, Chief Executive Officer, Director of Tetralogic Pharmaceuticals Corp. He joined us in August 2013 as President, Chief Executive Officer and Director. Prior to joining us, from May 2012 through August 2013, Mr. Buchi served as a member of the board of directors on the companies referenced below. Mr. Buchi was Corporate Vice President, Global Branded Products at Teva Pharmaceutical Industries, or Teva, from October 2011 to May 2012 and Chief Executive Officer of Cephalon, Inc., or Cephalon, from December 2010 through October 2011 prior to Teva's acquisition of Cephalon in October 2011. Mr. Buchi joined Cephalon in 1991 and also held the positions of Chief Financial Officer from 1996 through December 2009 and Chief Operating Officer from January 2010 through December 2010. His previous experience includes supervising the accounting organization in the Medical Products Department at E.I. Du Pont de Nemours and Company as Accounting Manager.

Andrew L. Pecora Independent Chairman

Dr. Andrew L. Pecora, M.D., is Independent Chairman of the Board of Tetralogic Pharmaceuticals Corp. He has served as Independent chairman of our board of directors since March 2013 and as a member of our board of directors since 2007. Dr. Pecora has been Vice President of Cancer Services and Chief Innovations Officer of the John Theurer Cancer Center at Hackensack University Medical Center, or HUMC, and co-Managing Partner of the Northern New Jersey Cancer Center, which is a private physicians' practice group affiliated with HUMC, since 1992. Dr. Pecora currently serves on the board of directors of Neostem, Inc., or Neostem (NASDAQ: NBS) (2011 to present) and Cancer Genetics, Inc. (NASDAQ: CGIX) (2004 to present). From 1999 through January 2011, Dr. Pecora was the Chairman and Chief Executive Officer of Progenitor Cell Therapy, LLC, a client-based cell therapy services company supporting the development and commercialization of cellular therapies. He was also the co-Founder and Chief Scientific Officer of Amorcyte, Inc., or Amorcyte, a privately funded biotechnology company developing cell therapy products to treat cardiovascular disease, which was founded in 2004 and was merged with Neostem in 2010. He served as Chairman of the Board of Directors of Amorcyte from 2005 until 2010. Dr. Pecora is a Professor of Medicine at New Jersey Medical School (formerly, the University of Medicine and Dentistry of New Jersey). He has authored or co-authored numerous articles, abstracts, books, chapters and monographs and is a frequent lecturer in the field of cancer treatment. He received his B.S. in biology from Seton Hall University in 1979 and his M.D. from the University of Medicine and Dentistry of New Jersey in 1983. He completed both his postdoctoral internship in internal medicine as well as his residency in the Department of Internal Medicine at The New York Hospital, and completed a fellowship in hematology-oncology at Memorial Sloan-Kettering Cancer Center.

Pete A. Meyers CFO

Mr. Pete A. Meyers is Chief Financial Officer, Treasurer of Tetralogic Pharmaceuticals Corp. He joined us in August 2013 as Chief Financial Officer and was appointed as Treasurer in September 2013. Prior to joining us, Mr. Meyers worked in health care investment banking for 18 years, most recently as Managing Director/Co-Head of Global Health Care Investment Banking at Deutsche Bank Securities Inc., or Deutsche Bank Securities, where he worked in various roles from March 2005 to January 2013. From February 2013 to July 2013, Mr. Meyers took time off to pursue opportunities outside of the investment banking industry. Prior to joining Deutsche Bank Securities in 2005, Mr. Meyers held the position of Managing Director, Health Care Investment Banking, at Credit Suisse LLC. Among other experience, he also served as Vice President, HealthCare Mergers and Acquisitions at Dillon, Read & Co. (and successor firms). Mr. Meyers graduated from Boston College with a B.S. in finance in 1991 and received an MBA from Columbia Business School in 1995.

Board and Management (continued)

Paul J. Schmitt Independent Director

Mr. Paul J. Schmitt is Independent Director of Tetralogic Pharmaceuticals Corp. He served as a member of our board of directors since 2003, and has been a Managing Director of Novitas Capital, or Novitas, in Wayne, Pennsylvania since 1999. As Managing Director, he oversees Novitas's interests in early stage life sciences companies. Most recently, Mr. Schmitt assumed an additional role of Acting Chief Executive Officer of Amorcyte, a former Novitas portfolio company, developing cell therapies for acute myocardial infarction. Amorcyte was merged into Neostem in November 2010. Prior to Novitas, Mr. Schmitt was most recently Chairman, President and Chief Executive Officer of Chrysalis International Corporation (formerly known as DNX Corporation), or Chrysalis (1995 to 1999). Prior to his work at Chrysalis, Mr. Schmitt was President of Bioelectron, Inc. from 1986 through 1988, which developed therapeutic devices for treating a variety of debilitating orthopedic disorders. He also has eight years of experience with the BOC Health Care Group where he served as Vice President, General Manager of Ohmeda and as Corporate Manager of Strategic Planning and Corporate Group Finance Manager from 1979 through 1988. Mr. Schmitt currently serves on the board of trustees of the Wistar Institute. Mr. Schmitt currently serves on the boards of directors of three Novitas Capital portfolio companies: Cernostics (June 2013 to present), GelMed (2000 to present) and Logical Therapeutics (2009 to present). Mr. Schmitt also serves on the board of managers of JBS United Animal Health II LLC (August 2013 to present) and previously served on the board of directors of Amorcyte (2005 to 2010). Mr. Schmitt received his B.S. in Finance from Lehigh University in 1974, and his MBA from Rutgers University in 1979.

Lesley Russell Cooper Chief Operating Officer

Ms. Lesley Russell Cooper, M.B.Ch.B., M.R.C.P., is Chief Operating Officer of Tetralogic Pharmaceuticals Corp. She joined us in August 2013 as Chief Operating Officer. Prior to joining us, from June 2012 through August 2013, Dr. Russell was a consultant to a number of pharmaceutical companies. She served as Senior Vice President and Head of Research and Development for Global Branded Products at Teva from October 2011 to June 2012. Prior to this position, she was Executive Vice President and Chief Medical Officer at Cephalon from September 2006 to October 2011. Dr. Russell joined Cephalon in 2000 and held various positions of increasing responsibility, including Head of Clinical Research and Medical Affairs, prior to becoming Cephalon's Chief Medical Officer in September 2006. Before joining Cephalon in 2000, Dr. Russell held positions of increasing responsibility at Amgen Limited (U.K.), Lilly Industries Limited (U.K.) and U.S. Bioscience (acquired by MedImmune, LLC, or MedImmune, now a part of AstraZeneca). Dr. Russell currently serves on the board of directors of Amag Pharmaceuticals, Inc. (NASDAQ: AMAG) (December 2010 to present) and Endocyte (NASDAQ: ECTT) (January 2013 to present). Dr. Russell received a M.B.Ch.B. from the University of Edinburgh, Scotland, U.K. in 1984 and obtained her post-graduate qualification, M.R.C.P., as a Member of the Royal College of Physicians in 1987.

Financial Results (Quarterly)

31 March, 2014

INCOME STATEMENT

Currency in USD	2014-03-31	2013-03-31	Change %
Collaboration revenue			
Grant revenue			
Expenses:			
General and administrative	2,508,285	977,918	Up 156.5
Research and development	3,122,749	2,243,464	Up 39.2
Total expenses	5,631,034	3,221,382	Up 74.8
Loss from operations	-5,631,034	-3,221,382	Deterioration 74.8
Change in fair value of derivative liabilities	285,021		
Interest and other income	11,946	5	Up 238,820.0
Interest expense		207,295	
Net loss	-5,334,067	-3,428,672	Deterioration 55.6
Cumulative preferred stock dividends		-851,526	
Net loss attributable to common shareholders	-5,334,067	-4,280,198	Deterioration 24.6
Per share information:			
Net loss per common share:			
Basic	-24.0c	-389.0c	Reduced 93.8
Diluted	-25.0c	-389.0c	Reduced 93.6
Weighted average shares outstanding:			
Basic	22,249,474	1,099,785	Up 1,923.1
Diluted	22,321,473	1,099,785	Up 1,929.6

BALANCE SHEET

Currency in USD	2014-03-31	2013-12-31	Change %
Assets			
Current assets:			
Cash and cash equivalents	20,716,710	55,135,508	Down 62.4
Short-term investments	27,318,404		
Prepaid expenses and other current assets	1,253,720	153,210	Up 718.3
Restricted cash	20,000	20,000	Steady
Total current assets	49,308,834	55,308,718	Down 10.8
Property and equipment, net	481,724	139,577	Up 245.1
Long-term investments	803,416		
Other assets	54,126	54,126	Steady
Total assets	50,648,100	55,502,421	Down 8.7
Liabilities and stockholders' equity			

Financial Results (Quarterly) (continued)

31 March, 2014

Current liabilities:			
Accounts payable	1,362,456	1,215,198	Up 12.1
Accrued expenses	2,631,627	2,921,458	Down 9.9
Derivative liabilities	508,723	793,744	Down 35.9
Total current liabilities	4,502,806	4,930,400	Down 8.7
Other liabilities	21,201	22,968	Down 7.7
Total liabilities	4,524,007	4,953,368	Down 8.7
Commitments and contingencies			
Stockholders' equity:			
Preferred stock, 0.0001 par value; 25,000,000 shares authorized, none issued and outstanding			
Common stock, 0.0001 par value; 100,000,000 shares authorized, 2,227 22,199,256 and 22,268,942 shares issued and outstanding at December 31, 2013 and March 31, 2014, respectively		2,220	Up 0.3
Additional paid-in capital	141,328,487	140,419,071	Up 0.6
Cumulative unrealized loss on investments	-316		
Deficit accumulated during the development stage	-95,206,305	-89,872,238	Deterioration 5.9
Total stockholders' equity	46,124,093	50,549,053	Down 8.8
Total liabilities and stockholders' equity	50,648,100	55,502,421	Down 8.7

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