

## Intrexon Corp (XON : US\$25.13)

### Intrexon Corp decreases 2.3% in second quarter, underperforming 82% of the market

Intrexon Corp, NYSE's 5th largest health care company by market cap, decreased 59.0c (or 2.3%) in the quarter ended June 30 to close at US\$25.13. This loss means the stock has underperformed 82% of NYSE-listed stocks in quarter ended June 30. The volume in the quarter was 1.4 times the average trading of 584,718 shares. Compared with the S&P 500 Index which rose 74.7 points (or 4.0%), this represents a relative price change of -6.3%. In the second quarter the market cap declined US\$281.4 million.

### Introduction

**We are currently bearish on this stock in the long-term based on fundamental metrics, but are neutral in the short-term based on technical indicators**

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

- The Q Ratio, defined by James Tobin as MCap divided by Total Assets, is 5.3. Compared with the rest of the market the stock is overvalued and ranks in the bottom 3% of stocks by value of Q Ratio.

**However, there are some reasons why we remain neutral on the stock for the short-term:**

- Its Moving Average Convergence Divergence indicators are rising, with its 12-day EMA higher than its 26-day EMA.
- Amongst stocks that are shorted, it was in the top quartile as a percentage of stock shorted, suggesting that there are many confident bears of the stock.
- It has outperformed 77% of the market the past 6 months.
- The price to 200-day MAP ratio is 0.88, a bearish indicator.

### Stock Summary

<b>Sector</b>	Health care
<b>Market Cap</b>	US\$2.5 billion
<b>Shares Outstanding</b>	98,831,357
<b>ISIN</b>	US46122T1025
<b>Relative Strength (3 mo)</b>	18

### Financial Summary

Year ended	Dec 2013	Dec 2012	Dec 2011
Sales (USDm)	31.3	13.8	8.2
Pretax (USDm)	-	-	(85.3)
Net (USDm)	(57.4)	(103.9)	(99.2)
EPS (USD)	(1.4)	(18.77)	(18.92)

### MCap: A Historical Perspective

	Share Price (USD)	Market Cap (\$)
Last	25.1	2.5 billion

# Analysis

## Bullish Signals

- In the last 20 trading sessions there has been a net rise of 12.59%; the stock has advanced eleven times and the biggest one day rise was 5.8% on Jun 02.
- In the NYSE market of 1,953 stocks and 36 units traded today, the stock has a 6-month relative strength of 77 indicating it has outperformed 77% of the market.
- The Moving Average Convergence Divergence (MACD) indicator of 12-day Exponential Moving Average (EMA) of 25.1 minus the 26-day EMA of 23.84 is positive suggesting a bullish signal. Both the 12-day EMA as well as the 26-day EMA are rising, another bullish signal.
- The Price/MAP of 0.88 for XON is higher than the Price/MAP for the S&P 500 Index of 0.2.

### Other Bullish Signals:

- Net Profit margin is negative but improving in recent years.

### Annual Trend:

[Year ended, all figures in %]:

Year	Net Profit Margin
Dec 13	-183.1
Dec 12	-753.8

## % Growth Y.O.Y, Revenue & Net Profit



Also, the following criteria set by Benjamin Graham:

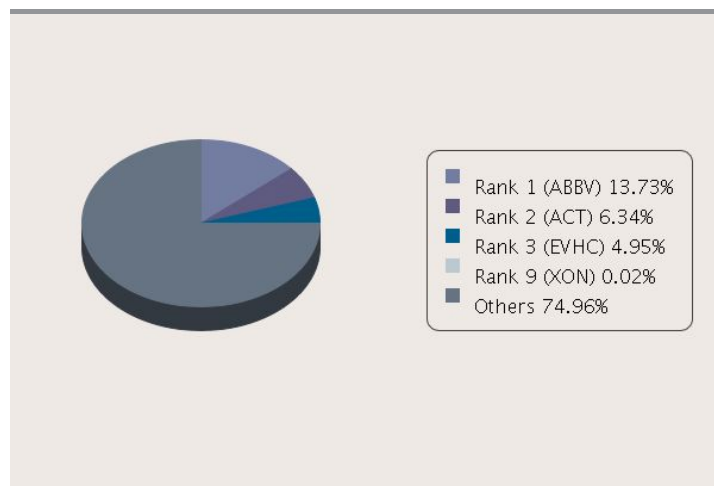
- "Total debt less than tangible book value"; total debt of \$US40,000 is less than tangible book value of \$US310.9 Million.
- "Current ratio of two or more"; current assets are 9.5 times current liabilities.

- "Total debt equal or less than twice the net quick liquidation value"; total debt of \$US40,000 is 0 times the net liquidation value of \$US187.52 Million.

### Bullish Indicators and Rank in Market:

Description	Value	Rank In Market
%Prem To Vol Wtd Price	10.4	In Top 7%
Relative Strength (6M)	77	In Top Quartile

## Revenue Share Health care



## Bearish Signals

- The price is at a premium of 10.4% to the 1-month volume weighted average price of US\$22.76. Given that this premium has been under 10.4% one hundred sixty-five times and over 10.4% forty-seven times in the last year, the downside:upside probability is estimated at 165:47 or 3.5:1.
- Falls to Rises: In the last three months the number of falls outnumbered rises 33:28 or 1.18:1.
- The price to 200-day MAP ratio is 0.88, a bearish indicator. In the past 200 days this ratio has been under 0.88 42 times suggesting further downside.
- In the NYSE Short Selling market of 2993 stocks, short selling as a % of issued shares ranked 267th and within the top quartile of stocks. This means it was higher than market average of 0.38%, a bearish indicator.
- The current short volume is 3.0 times its own historical average of 0.3%.

### Overvaluation:

- Price/Sales of 79.25 versus sector average of 3.8 and market average of 1.5.

## Analysis (continued)

- The Q Ratio, defined by James Tobin as MCap divided by Total Assets, is 5.3. Compared with the rest of the market the stock is overvalued and ranks in the bottom 3% of stocks by value of Q Ratio.

### Other Bearish Signals: Bearish Indicators and Rank in Market:

Description	Value	Rank In Market
Annual Revenue	US\$31.3 million	In Bottom Quartile
Price to Book Value	8	In Bottom Quartile
Price Change %	-1.1	In Bottom 9%
Volatility %	5.5	In Bottom 6%

## Note

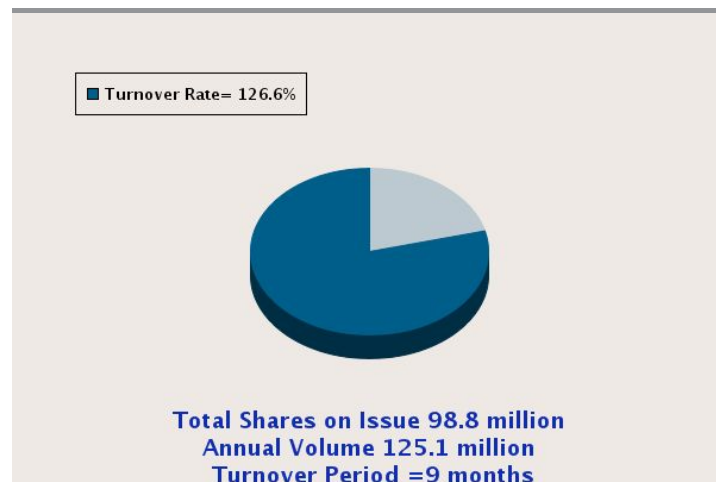
### Neutral Indicators and Rank in Market:

Description	Value	Rank In Market
Turnover in Quarter	US\$1.1 billion	In 2nd Quartile
MCap	US\$2.5 billion	In 2nd Quartile

## Insider Trades



## Turnover Rate & Turnover Period



## Trailing 3 months

Turnover	US\$1.1 billion
Volume	51,560,600
Volume Index (1 is avg)	1.4

## Price Volume Trend: Trailing Quarter

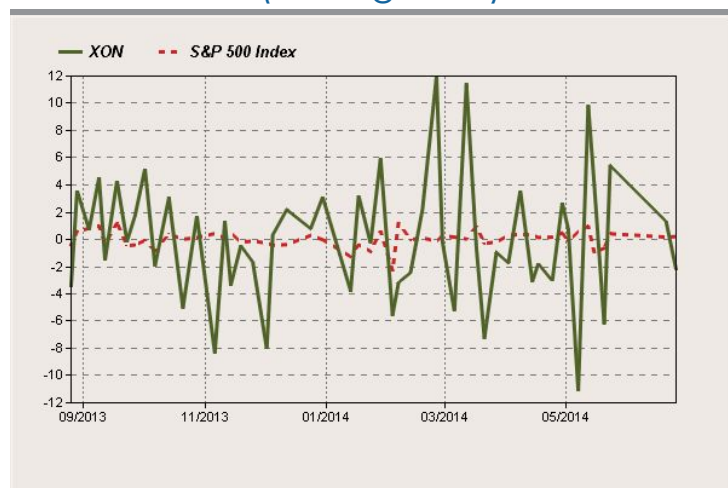


## Weekly Price Volume Dynamics (Last 12 Weeks)

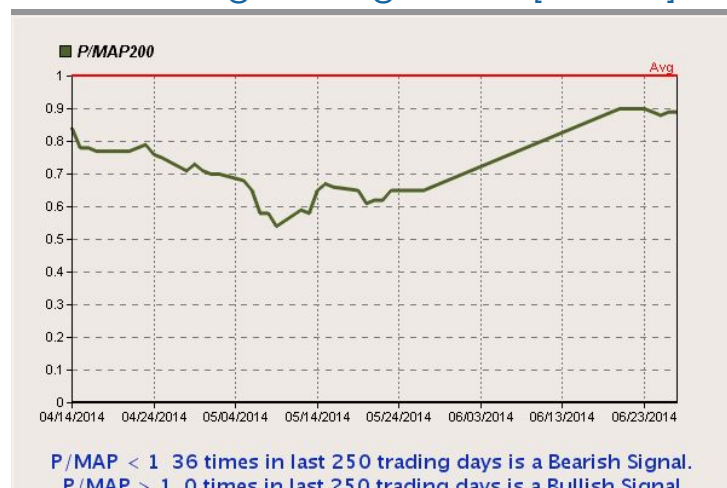


- Price increase fuelled by above average Volume
- Price increase on below average Volume
- Price decrease fuelled by above average Volume
- Price decrease on below average Volume
- Price unchanged on above average Volume
- Price unchanged on below average Volume
- Untraded

## Stock v Index (Trailing Year)



## Price/Moving Average Price [P/MAP]



## 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)
Envision Healthcare Holdings	35.91	40	6,478	-	4,698	35	4,300
Intrexon Corp	25.13	77	2,484	-	31	-57	469
U.S. Physical Therapy	34.19	23	418	1,184	271	13	224

## Recent Analyst Recommendations

Date	Brokerage	Action	Past Rating	Current Rating	Prev Target	Price Target
13-May-2014	JPMorgan Chase & Co.	Lower Price Target	-	Overweight	32	28
08-May-2014	Barclays	Reiterated Rating	-	Equal Weight	25	18

## Reported Buying Selling by Insiders

Insider	Date	Transaction Type	No. of Shares	Price, US\$	Value, US\$
Krishnan Krish S	May 09, 2014	Bought	20,900	14.21	296,989
Reed Thomas D.	May 13, 2014	Bought	640	15.6	9,984
Lehr Donald P.	May 13, 2014	Bought	1,850	15.99	29,582
Krishnan Suma	May 09, 2014	Bought	20,900	14.21	296,989



## Company Overview

### Activities

Intrexon Corporation provides synthetic biology services. The Company designs and produces modular DNA control systems and applications for human therapeutics, protein production, industrial products, agricultural biotechnology, and animal sciences. Intrexon operates in the United States. Source: [www.BuySellSignals.com](http://www.BuySellSignals.com)

Further details can be found at [www.dna.com](http://www.dna.com).

### Regulatory Announcements

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

June 30: Intrexon's Industrial Products Division Achieves Bioconversion of Methane to Farnesene  
June 09: Intrexon Corp announces AGM  
May 13: Intrexon Corp insider buys  
May 13: Intrexon Corp insider buys  
May 13: Intrexon Corp insider buys; shares at a five-day high  
May 12: Intrexon to Present at the 2014 BIO World Congress on Industrial Biotechnology  
May 07: Intrexon Announces First Quarter Financial Results

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

June 13: Intrexon Corp Elects 8 Directors  
April 16: Thomas D. Reed - Intrexon Corp director resigns 22 April 2014

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

May 27: Intrexon Corp: Regulation FD Disclosure  
April 04: Intrexon Corp: Financial Statements and Exhibits  
March 31: Intrexon Corp: Results of Operations and Financial Condition  
March 27: Intrexon Corp: Entry into a Material Definitive Agreement  
March 07: Intrexon Corp: Regulation FD Disclosure  
January 30: Intrexon Corp: Entry into a Material Definitive Agreement  
January 15: Intrexon Corp: Regulation FD Disclosure  
January 13: Intrexon Corp: Entry into a Material Definitive Agreement

### Issued Capital

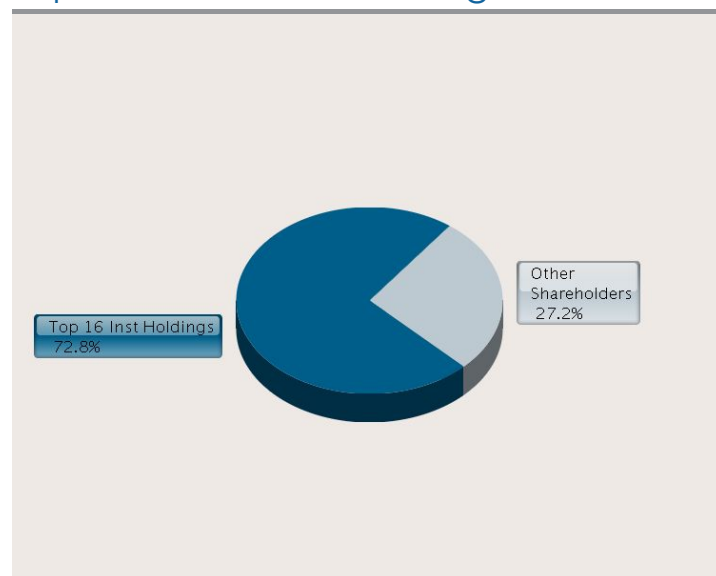
Based on 98,831,357 issued equity shares the market capitalisation is US\$2.5 billion. It is NYSE's 9th largest Health care company by total revenue.

The top sixteen shareholders hold 72.8% of the issued capital leaving a float of 27.2%.

### Top 10 Shareholders

Name of Shareholder	No. of Shares	% Held
Third Security LLC	62,439,273	63.18
Third Point LLC	3,000,000	3.04
Vanguard Group Inc	1,719,090	1.74
Greenlight Capital Inc	1,379,014	1.4
Next Century Growth Investors LLC	607,689	0.61
Oracle Investment Management Inc	550,000	0.56
Jpmorgan Chase & Co	476,815	0.48
Price T Rowe Associates Inc /Md/	397,100	0.4
Blackrock Fund Advisors	290,144	0.29
Franklin Resources Inc	230,200	0.23
<b>Total</b>	<b>71,089,325</b>	<b>71.93</b>

### Top 16 Institutional Holdings



## Board and Management

### James Turley Director

Mr. Turley is the former Chairman and Chief Executive Officer of Ernst & Young. He led the firm from 2001 until his retirement in June of 2013. Mr. Turley joined Ernst & Young in 1977 and held various positions there until being named Regional Managing Partner for the Upper Midwest in 1994, and for New York in 1998. He was named Deputy Chairman in 2000 and Chairman in 2001.

Mr. Turley holds an undergraduate degree and a master's in accounting from Rice University. He serves on the Board of Directors of the Boy Scouts of America, Board of Trustees for Rice University, and is chair of the National Corporate Theatre Fund. He also serves on the Committee for Economic Development. He was on the board of Catalyst from 2001-2013, serving as its Chair from 2009-2013, and until his retirement was a member of the Business Roundtable and IBLAC (International Business Leaders Advisory Council for the Mayor of Shanghai), and was co-chair of Russia's Foreign Investment Advisory Council. He also chaired the Governing Board of the U.S. Center for Audit Quality from 2007-2011. Mr. Turley currently serves on the corporate boards for Citigroup and Emerson Electric Company.

#### **Creation of shareholder value in Intrexon Corp:**

Since appointment as Director: The present value of USD1,000 invested on the appointment date of April 16, 2014 at close price of US\$19.62 is US\$1,281, for a capital gain of US\$281.

## Financial Results (Quarterly)

31 March, 2014

### INCOME STATEMENT

Currency in Thousand of USD	2014-03-31	2013-03-31	Change %
<b>Revenues</b>			
Collaboration revenues	7,837	3,864	Up 102.8
Other revenues	17	21	Down 19.0
Total revenues	7,854	3,885	Up 102.2
<b>Operating Expenses</b>			
Research and development	12,091	11,411	Up 6.0
General and administrative	13,635	6,480	Up 110.4
Total operating expenses	25,726	17,891	Up 43.8
Operating loss	-17,872	-14,006	Deterioration 27.6
<b>Other Income (Expense)</b>			
Unrealized appreciation (depreciation) in fair value of equity securities	21,922	-29,369	Recovery
Gain on previously held equity investment		7,415	
Interest expense	39	14	Up 178.6
Investment income	88	5	Up 1,660.0
	22,010	-21,949	Recovery
Other expense	-8	-3	Deterioration 166.7
Total other income (expense)	21,963	-21,966	Recovery
Equity in net loss of affiliates	-536	-390	Deterioration 37.4
Income (loss) before tax	3,555	-36,362	Recovery
Income tax expense	306		
Net income (loss)	3,249	-36,362	Recovery
Net loss attributable to the noncontrolling interests	866	51	Up 1,598.0
Net income (loss) attributable to Intrexon	4,115	-36,311	Recovery
Accretion of dividends on redeemable convertible preferred stock		-6,405	
Net income (loss) attributable to common shareholders	4,115	-42,716	Recovery
Net income (loss) attributable to common shareholders per share, 4.0c basic		-754.0c	Recovery
Net income (loss) attributable to common shareholders per share, 4.0c diluted		-754.0c	Recovery
Weighted average shares outstanding, basic	97,325,729	5,661,741	Up 1,619.0
Weighted average shares outstanding, diluted	99,338,398	5,661,741	Up 1,654.6

### BALANCE SHEET

Currency in Thousand of USD	2014-03-31	2013-12-31	Change %
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	110,052	49,509	Up 122.3
Short-term investments	112,755	127,980	Down 11.9



## Financial Results (Quarterly) (continued)

31 March, 2014

Receivables			
Trade	695	790	Down 12.0
Related parties	6,044	5,285	Up 14.4
Other	680	1,282	Down 47.0
Prepaid expenses and other	2,706	2,710	Down 0.1
Total current assets	232,932	187,556	Up 24.2
Long-term investments	40,212	60,581	Down 33.6
Equity securities	168,672	141,525	Up 19.2
Property, plant and equipment, net	18,116	16,629	Up 8.9
Intangible assets, net	41,269	41,956	Down 1.6
Goodwill	39,689	13,823	Up 187.1
Investments in affiliates	5,747	6,284	Down 8.5
Other assets	1,171	1,118	Up 4.7
Total assets	547,808	469,472	Up 16.7
Liabilities and Total Equity			
Current liabilities			
Accounts payable	1,973	1,057	Up 86.7
Accrued compensation and benefits	2,761	5,157	Down 46.5
Other accrued liabilities	6,481	4,217	Up 53.7
Deferred revenue	10,939	7,793	Up 40.4
Related party payables	58	1,605	Down 96.4
Total current liabilities	22,212	19,829	Up 12.0
Long term debt	1,784	1,653	Up 7.9
Deferred revenue	91,041	65,778	Up 38.4
Other long term liabilities	873	869	Up 0.5
Total liabilities	115,910	88,129	Up 31.5
Commitments and contingencies			
Total equity			
Common stock, no par value, 200,000,000 shares authorized as of March 31, 2014 and December 31, 2013; 98,789,188 and 97,053,712 shares issued and outstanding as of March 31, 2014 and December 31, 2013, respectively			
Additional paid-in capital	788,057	743,084	Up 6.1
Accumulated deficit	-372,299	-376,414	Reduced 1.1
Accumulated other comprehensive income	144	52	Up 176.9
Total Intrexon shareholders' equity	415,902	366,722	Up 13.4
Noncontrolling interests	15,996	14,621	Up 9.4
Total equity	431,898	381,343	Up 13.3
Total liabilities and total equity	547,808	469,472	Up 16.7

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