

## MacroGenics (MGNX : US\$21.18)

### MacroGenics tumbles 27% in 2014, underperforming 12% of the market

MacroGenics Inc, has now tumbled US\$7.64 (or 26.5%) year to date in 2014 to close at US\$21.18. This loss means the stock has underperformed 88% of NASDAQ-listed stocks in 2014. The volume YTD has been 1.1 times average trading of 192,497 shares. Compared with the NASDAQ-100 Index which has risen 6.0% YTD, this represents a relative price change of -32.5%. In 2014 the market cap has declined US\$139.4 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 33:30 or 1.1:1.
- The Price to Book of 7.4 higher than average of 6.1 for the Total NASDAQ Market and 6.1 for the Total NASDAQ Market.
- It is trailing 82.95% of the market the past 6 months.
- The Q Ratio, defined by James Tobin as MCap divided by Total Assets, is 4.6. Compared with the rest of the market the stock is overvalued and ranks in the bottom 9% of stocks by value of Q Ratio.

**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.
- "Current ratio of two or more"; current assets are 4.1 times current liabilities.

### Stock Summary

<b>Sector</b>	Total NASDAQ Market
<b>Market Cap</b>	US\$582 million
<b>Shares Outstanding</b>	27,471,329
<b>ISIN</b>	US5560991094
<b>Relative Strength (3 mo)</b>	5

### MCap: A Historical Perspective

	Share Price (USD)	Market Cap (\$)
Last	21.2	582 million

## Analysis

### Bearish Signals

- The price is at a premium of 6.6% to the 1-month volume weighted average price of US\$19.87. Given that this premium has been under 6.6% one hundred twenty-two times and over 6.6% twenty-nine times in the last year, the downside:upside probability is estimated at 122:29 or 4.2:1.
- In the NASDAQ market of 2,339 stocks traded today, the stock has a 6-month relative strength of 17 indicating it is trailing 83.0% of the market.
- The current short volume is 1.8 times its own historical average of 0.2%.

### Overvaluation:

- Price/Sales of 10.14 versus market average of 2.2.
- The Price to Book of 7.4 higher than average of 6.1 for the Total NASDAQ Market and 6.1 for the Total NASDAQ Market.
- The Q Ratio, defined by James Tobin as MCap divided by Total Assets, is 4.6. Compared with the rest of the market the stock is overvalued and ranks in the bottom 9% of stocks by value of Q Ratio.

### Other Bearish Signals:

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

Improvement in current ratio from 1.7 to 4.1.

### Bearish Indicators and Rank in Market:

Description	Value	Rank In Market
Relative Strength (6M)	17	In Bottom Quartile
Price to Book Value	7.4	In Bottom Quartile
Volatility %	5.5	In Bottom Quartile
Price Change %	-2.3	In Bottom 8%
Price to Sales	10.1	In Bottom 4%
Price/MAP50	0.51	In Bottom 3%

## Note

### Neutral Indicators and Rank in Market:

Description	Value	Rank In Market
Turnover in Quarter	US\$414.6 million	In 2nd Quartile
MCap	US\$582 million	In 2nd Quartile

### Bullish Signals:

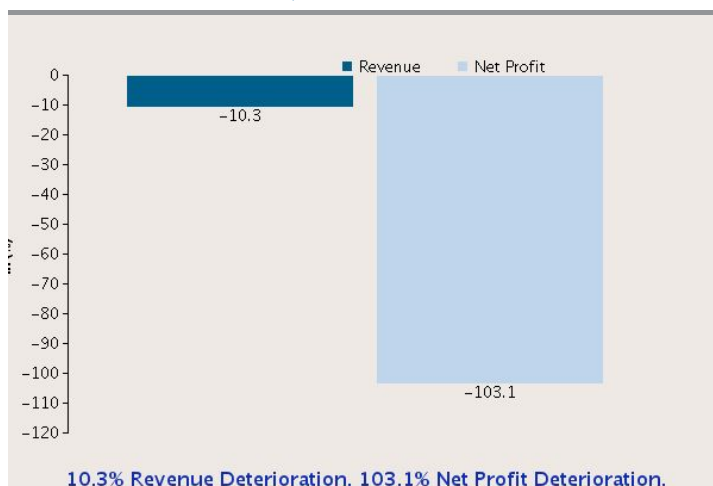
- In the last 8 trading sessions there has been a net rise of 6.3%; the stock has advanced thirteen times and the biggest one day rise was 5.9% on Jun 04.
- The Moving Average Convergence Divergence (MACD) indicator of 12-day Exponential Moving Average (EMA) of 20.51 minus the 26-day EMA of 20.06 is positive suggesting a bullish signal. Both the 12-day EMA as well as the 26-day EMA are rising, another bullish signal.

### Undervaluation:

- The company is cash rich with Cash to Market Capitalisation at 20.0%.

### Other Bullish Signals:

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



Also, the following criteria set by Benjamin Graham:

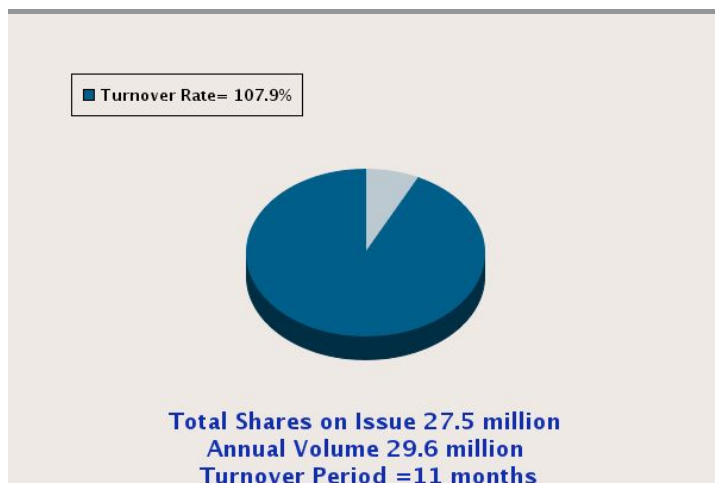
- "Current ratio of two or more"; current assets are 4.1 times current liabilities.

## Analysis (continued)

### Insider Trades



### Turnover Rate & Turnover Period



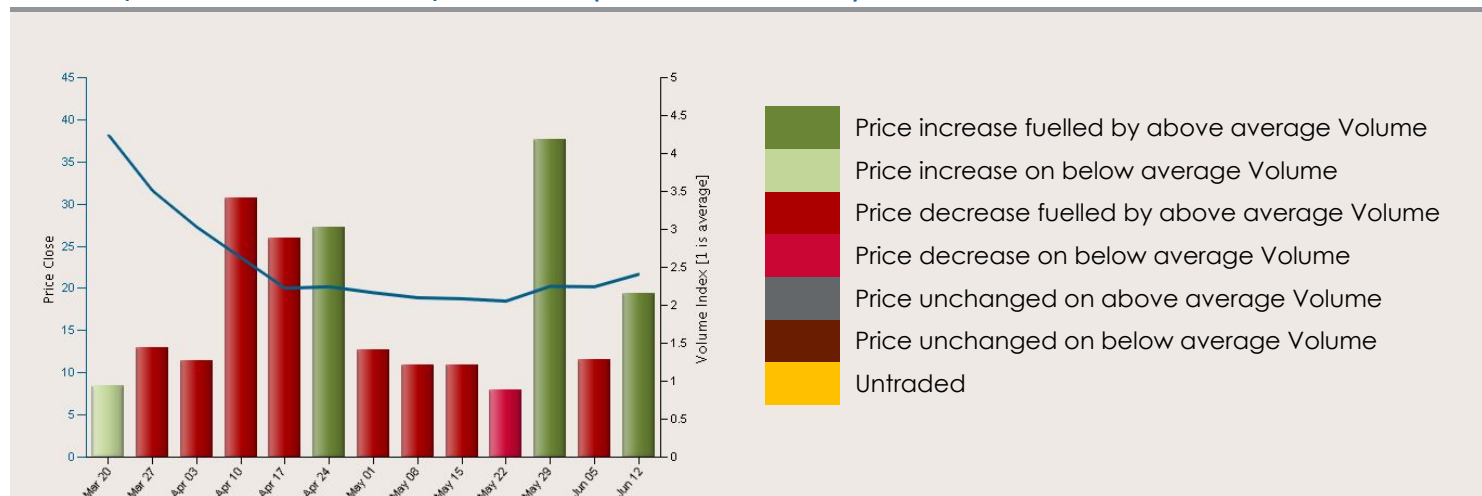
### Trailing 3 months

Turnover	US\$414.6 million
Volume	18,965,086
Volume Index (1 is avg)	1.5

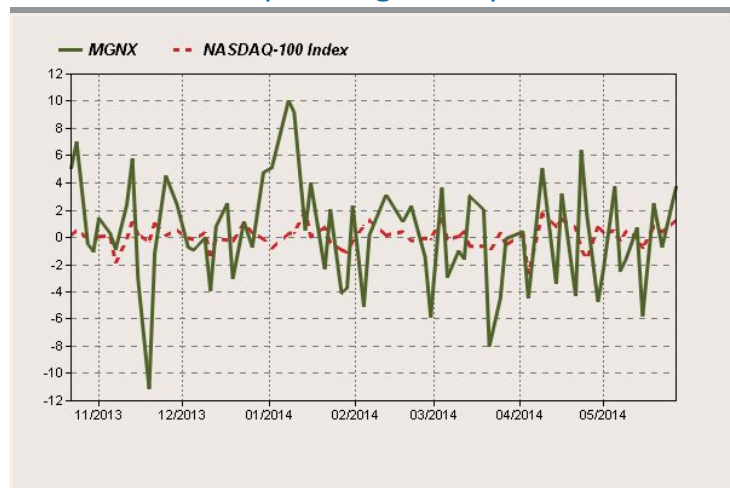
## Price Volume Trend: Trailing Quarter



## Weekly Price Volume Dynamics (Last 12 Weeks)



## Stock v Index (Trailing Year)



## Recent Analyst Recommendations

Date	Brokerage	Action	Past Rating	Current Rating	Prev Target	Price Target
09-Jun-2014	Roth Capital	Initiated Coverage	-	Buy	-	28
21-Mar-2014	Stifel Nicolaus	Boost Price Target	-	-	51	53

## Company Overview

### Activities

MacroGenics Inc. develops novel biologics. The Company specializes in treatments for autoimmune disorders, cancer, and infectious diseases. MacroGenics serves the healthcare industry in the United States.

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

### Regulatory Announcements

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

June 11: MacroGenics: Submission of Matters to a Vote of Security Holders

May 30: MacroGenics insider sells; shares at a 16-day high

May 06: CMC Biologics and MacroGenics Enter into a Process Development and Manufacturing Agreement for Oncology Product Candidate

April 30: MacroGenics Appoints Atul Saran as Senior Vice President and General Counsel

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April 29: MacroGenics Announces Date of First Quarter 2014 Financial Results Conference Call

April 28: MacroGenics to Present Pre-Clinical Data on Novel DART Candidate MGD010 for Autoimmune Disorders at IMMUNOLOGY 2014

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

June 11: MacroGenics Elects 2 Directors

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

May 29: MacroGenics: Entry into a Material Definitive Agreement

March 20: MacroGenics: Results of Operations and Financial Condition

### Issued Capital

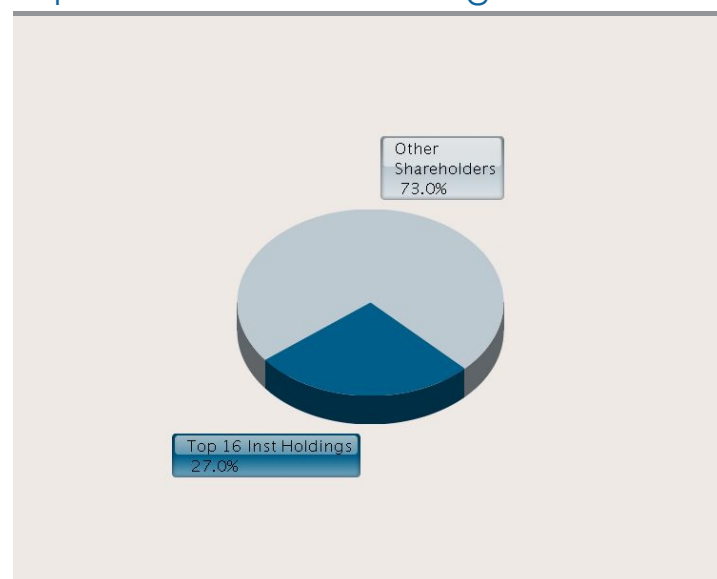
Based on 27,471,329 issued equity shares the market capitalisation is US\$582 million.

The top sixteen shareholders hold 27.0% of the issued capital leaving a float of 73.0%.

### Top 10 Shareholders

Name of Shareholder	No. of Shares	% Held
Fmr Llc	1,959,742	7.13
Mpm Asset Management Llc	1,780,955	6.48
Blue Ridge Capital L.L.C.	900,000	3.28
Orbimed Advisors Llc	491,897	1.79
Perceptive Advisors Llc	448,945	1.63
Pointstate Capital Lp	375,000	1.37
Vanguard Group Inc	242,084	0.88
Emerald Advisers Inc/Pa	226,919	0.83
Partner Fund Management L.P.	209,212	0.76
Ra Capital Management Llc	199,398	0.73
<b>Total</b>	<b>6,834,152</b>	<b>24.88</b>

### Top 16 Institutional Holdings



## Board and Management

Scott Koenig  
CEO

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Matthew Fust  
Director

**Creation of shareholder value in MacroGenics:**

Since appointment as Director: The present value of USD1,000 invested on the appointment date of March 06, 2014 at close price of US\$33.99 is US\$623, for a capital loss of US\$377.

# Financial Results (Quarterly)

31 March, 2014

## INCOME STATEMENT

Currency in USD	2014-03-31	2013-03-31	Change %
<b>Revenues:</b>			
Revenue from collaborative research	14,400,679	10,066,957	Up 43.0
Grant revenue	317,918	531,070	Down 40.1
Total revenues	14,718,597	10,598,027	Up 38.9
<b>Costs and expenses:</b>			
Research and development	14,568,754	10,096,787	Up 44.3
General and administrative	3,258,587	3,832,900	Down 15.0
Total costs and expenses	17,827,341	13,929,687	Up 28.0
Income (loss) from operations	-3,108,744	-3,331,660	Reduced 6.7
Other income (expense)	409	-34,241	Recovery
Net comprehensive income (loss)	-3,108,335	-3,365,901	Reduced 7.7
Basic and diluted net income (loss) per common share	-12.0c	-293.0c	Reduced 95.9
Weighted average common shares outstanding, basic and diluted	26,262,356	1,148,694	Up 2,186.3

## BALANCE SHEET

Currency in USD	2014-03-31	2013-12-31	Change %
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents	198,721,816	116,481,409	Up 70.6
Accounts receivable	1,745,740	2,004,019	Down 12.9
Prepaid expenses	1,936,505	971,705	Up 99.3
Total current assets	202,404,061	119,457,133	Up 69.4
Restricted cash	404,850	404,850	Steady
Property and equipment, net	5,084,289	5,035,232	Up 1.0
Other assets	2,279,513	885,166	Up 157.5
Total assets	210,172,713	125,782,381	Up 67.1
<b>Liabilities and stockholders' equity (deficit)</b>			
<b>Current liabilities:</b>			
Accounts payable	5,133,050	3,169,034	Up 62.0
Accrued expenses	2,735,153	3,583,552	Down 23.7
Lease exit liability - current	1,487,854	1,438,742	Up 3.4
Deferred revenue - current	19,665,764	20,267,323	Down 3.0
Other liabilities - current	362,920	362,920	Steady
Total current liabilities	29,384,741	28,821,571	Up 2.0
Lease exit liability, net of current portion	7,609,524	8,006,428	Down 5.0
Deferred rent liability	2,798,537	2,904,227	Down 3.6
Deferred revenue, net of current portion	17,160,723	7,135,687	Up 140.5
Total liabilities	56,953,525	46,867,913	Up 21.5



# Financial Results (Quarterly) (continued)

31 March, 2014

## Stockholders' equity (deficit):

Common stock, 0.01 par value - 125,000,000 shares authorized, 274,990 27,499,155 and 25,177,597 shares outstanding at March 31, 2014 and December 31, 2013, respectively	251,775	Up 9.2
Treasury stock, at cost; no shares at March 31, 2014 and 14,381 shares at 2013-12-31	-57,742	
Additional paid-in capital	331,785,771	254,453,673 Up 30.4
Accumulated deficit	-178,841,573	-175,733,238 Deterioration 1.8
Total stockholders' equity (deficit)	153,219,188	78,914,468 Up 94.2
Total liabilities and stockholders' equity (deficit)	210,172,713	125,782,381 Up 67.1

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