

## Karyopharm Therapeutics (KPTI : US\$35.05)

### Karyopharm Therapeutics tumbles 23.0% in third quarter, underperforming 86% of the market

Karyopharm Therapeutics Inc, NASDAQ's 4th largest healthcare-products company by market cap, tumbled US\$10.49 (or 23.0%) in the quarter ended September 30 to close at US\$35.05. This loss means the stock has underperformed 86% of NASDAQ-listed stocks in quarter ended September 30. The volume in the quarter was 1.0 times the average trading of 221,810 shares. Compared with the NASDAQ-100 Index which rose 150.2 points (or 3.8%), this represents a relative price change of -26.9%.

### 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:**

- 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.
- The Q Ratio, defined by James Tobin as MCap divided by Total Assets, is 7.2. Compared with the rest of the market the stock is overvalued and ranks in the bottom 5% of stocks by value of Q Ratio.
- The price to 200-day MAP ratio is 0.91, a bearish indicator.
- In the last three months the number of falls outnumbered rises 27:21 or 1.29:1.

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

- The price is below the lower Bollinger band of US\$35.96.

### Stock Summary

<b>Sector</b>	Healthcare-Products
<b>Market Cap</b>	US\$1.1 billion
<b>Shares Outstanding</b>	32,670,103
<b>ISIN</b>	US48576U1060
<b>Relative Strength (3 mo)</b>	14

### Financial Summary

Year ended	Dec 2013	Dec 2012	Dec 2011
Sales (USD)	387,000	634,000	150,000
Pretax (USD)	-	-	(10.31M)
Net (USD)	(33.947M)	(15.888M)	(10.31M)
EPS (USD)	(5.59)	(8.95)	(0.37)

### MCap: A Historical Perspective

	Share Price (USD)	Market Cap (US\$)
Last	35.0	1.1 billion

# Analysis

## Bullish Signals

- The price is at a discount of 10.7% to the 1-month volume weighted average price of US\$39.24, which may appeal as a value proposition.
- In the NASDAQ market of 2,413 stocks traded today, the stock has a 6-month relative strength of 82 which means it is beating 82% of the market.
- The Moving Average Convergence Divergence (MACD) indicator of 12-day Exponential Moving Average (EMA) of 38.66 minus the 26-day EMA of 38.53 is positive suggesting a bullish signal.
- The Price/MAP of 0.91 for KPTI is higher than the Price/MAP for the NASDAQ-100 Index of 0.3.
- The price is below the lower Bollinger band of US\$35.96; the stock is also oversold according to the Williams % R indicator of -99.7.

## Undervaluation:

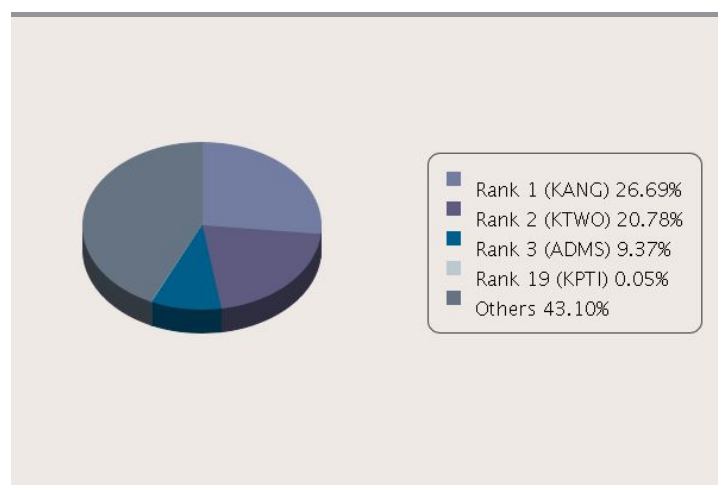
- The company is cash rich with Cash to Market Capitalisation at 13.6%.

## Other Bullish Signals:

### Bullish Indicators and Rank in Market:

Description	Value	Rank In Market
Relative Strength (6M)	82	In Top Quartile

## Revenue Share Healthcare-Products



## Bearish Signals

- Falls to Rises: In the last three months the number of falls outnumbered rises 27:21 or 1.29:1.

- In the last 1 trading sessions there has been a net decline of 4.23%; the stock has retreated ten times and the biggest one day decline was 8.8% on Sep 29.
- The 200-day MAP has decreased to US\$38.50. A decrease is another bearish indicator.
- The price to 200-day MAP ratio is 0.91, a bearish indicator.
- The stock traded at a three-month low of US\$35.02 today.

The bears are maintaining control with price open, high, low and close being below yesterday's levels.

- In the NASDAQ Short Selling market of 2463 stocks, short selling as a % of issued shares ranked 416th and within the top quartile of stocks. This means it was higher than market average of 0.54%, a bearish indicator.
- The current short volume is 1.1 times its own historical average of 0.8%. It increased 0.5% from the previous day, a bearish indicator.

## Overvaluation:

- The Q Ratio, defined by James Tobin as MCap divided by Total Assets, is 7.2. Compared with the rest of the market the stock is overvalued and ranks in the bottom 5% of stocks by value of Q Ratio.

## Other Bearish Signals:

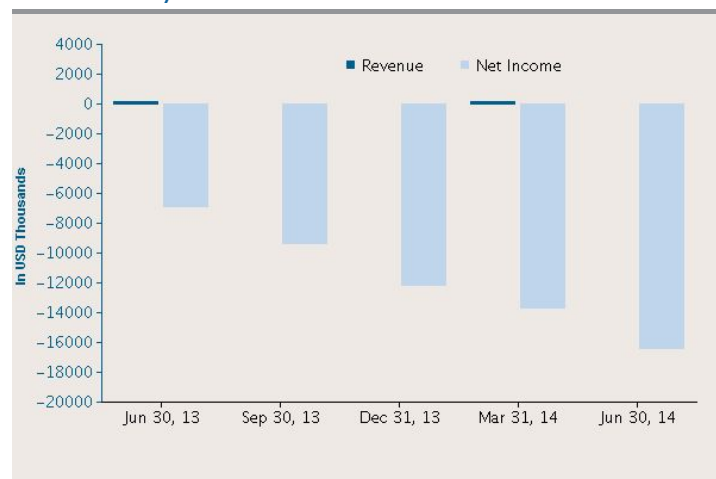
- Net Profit margin has been negative in recent quarters.

## Quarterly Trend:

[Quarter ended, all figures in %]:

Qtr	Revenue Growth	Net Profit Margin
Jun 14	-87.7	-78,242.9
Mar 14	-	-8,008.2

## Quarterly Revenue & Net Income



## Analysis (continued)

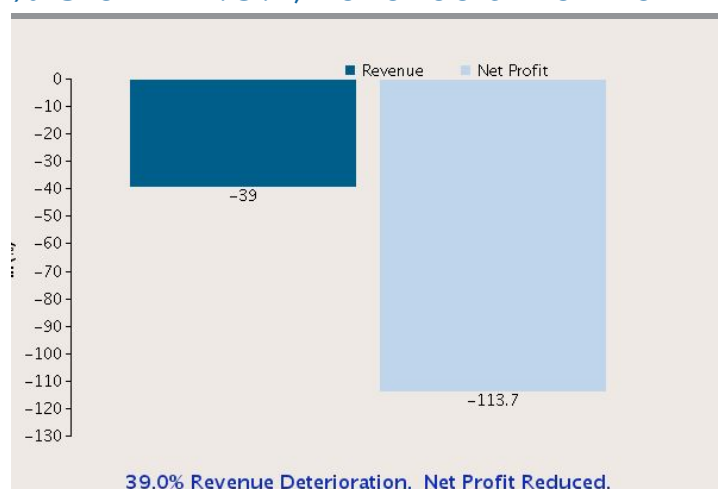
- Net Profit margin has seen consecutive falls and seems to be on a slippery slope in recent years.

### Annual Trend:

[Year ended, all figures in %]:

Year	Net Profit Margin
Dec 13	-8,771.8
Dec 12	-2,506

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



### Bearish Indicators and Rank in Market:

Description	Value	Rank In Market
Price to Book Value	7.4	In Bottom Quartile
Price/MAP50	0.63	In Bottom 9%
Volatility %	8.9	In Bottom 5%
Price Change %	-8.7	In Bottom 1%
Annual Revenue	US\$387,000	In Bottom 1%

### Note

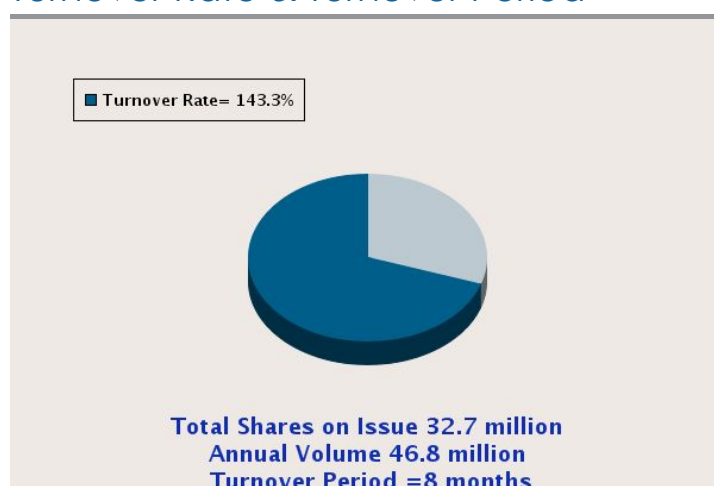
### Neutral Indicators and Rank in Market:

Description	Value	Rank In Market
MCap	US\$1.1 billion	In 2nd Quartile
Turnover in Quarter	US\$540.1 million	In 2nd Quartile

### Insider Trades



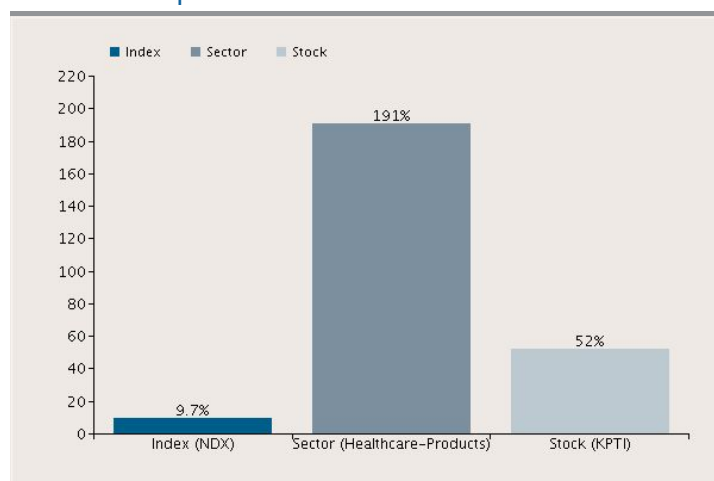
### Turnover Rate & Turnover Period



### Trailing 3 months

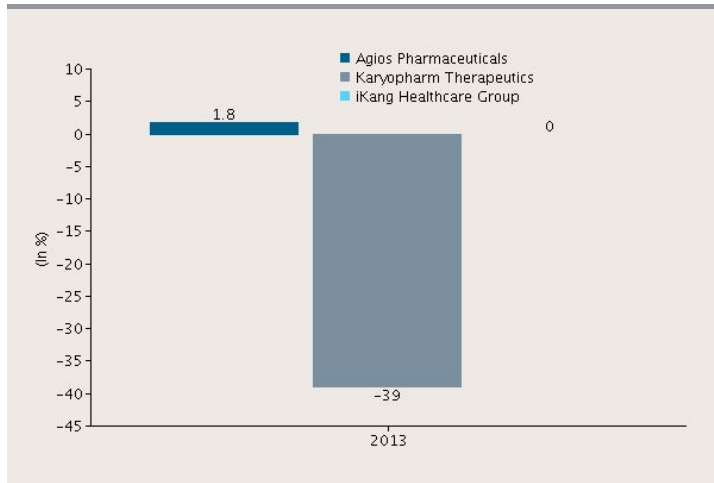
Turnover	US\$540.1 million
Volume	14,121,178
Volume Index (1 is avg)	1.0

### YTD Comparison Stock Sector Index



## Analysis (continued)

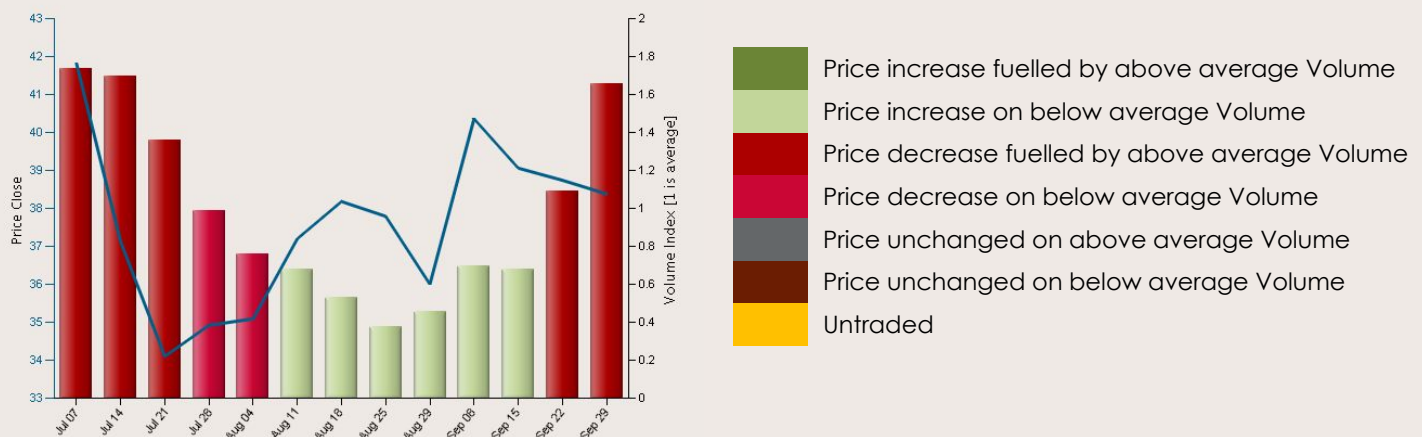
### Peer Comparison Revenue Growth (%)



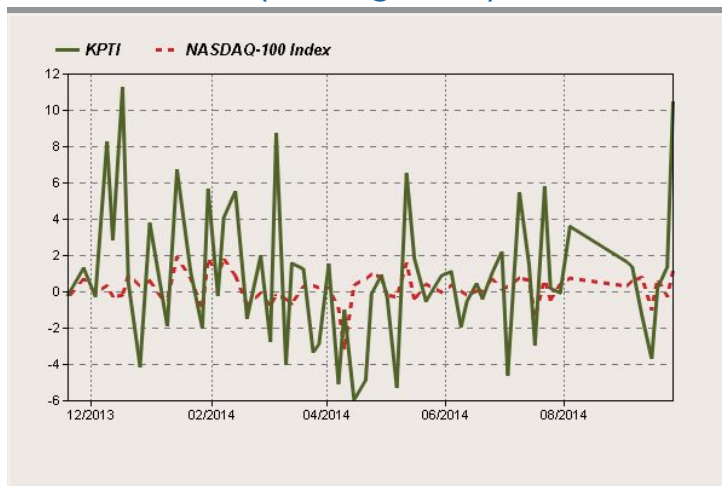
## Price Volume Trend: Trailing Quarter



## Weekly Price Volume Dynamics (Last 12 Weeks)



## Stock v Index (Trailing Year)



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



## Recent Analyst Recommendations

Date	Brokerage	Action	Past Rating	Current Rating	Prev Target	Price Target
08-Aug-2014	Leerink Swann	Lower Price Target	-	-	63	60
07-Jul-2014	Oppenheimer	Downgrade	Outperform	Market Perform	-	-

## Reported Buying Selling by Insiders

Insider	Date	Transaction Type	No. of Shares	Price, US\$	Value, US\$
Hadjimichael Amalia	Sep 18, 2014	Sold	2,778	40.16	111,564
Hadjimichael Amalia	Sep 17, 2014	Sold	9,569	40.26	385,248
Smolokowski Wiaczeslaw	Sep 12, 2014	Sold	4,312	41.12	177,309
Hadjimichael Amalia	Aug 25, 2014	Sold	4,389	38.08	167,133
Hadjimichael Amalia	Aug 18, 2014	Sold	3,175	39.1	124,142
Hadjimichael Amalia	Aug 14, 2014	Sold	200	38.04	7,608
Hadjimichael Amalia	Aug 15, 2014	Sold	7,827	39.14	306,349
Hadjimichael Amalia	Aug 11, 2014	Sold	36,979	37.3	1,379,317
Hadjimichael Amalia	Jul 30, 2014	Sold	41,481	37.13	1,540,190
Jankilevitsch Gregory	Jul 23, 2014	Sold	500,000	35.54	17,770,000



## Company Overview

### Regulatory Announcements

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

September 29: Karyopharm Announces Clinical Data for Selinexor (KPT-330) in Advanced Solid Tumors

September 26: Karyopharm to Host Conference Call to Discuss Selinexor (KPT-330) Data Presented at ESMO 2014

September 19: Karyopharm Therapeutics insider sells

September 19: Karyopharm Therapeutics insider sells; shares at a five-day high

September 16: Karyopharm Therapeutics insider sells; shares at a three-month high

September 09: Karyopharm Announces Three Clinical Data Presentations at ESMO 2014

August 07: Karyopharm to Present at the Wedbush 2014 Life Sciences Management Access Conference

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

August 08: Karyopharm Therapeutics appoints Justin Renz as CFO 11 August 2014

August 08: Karyopharm Therapeutics will appoint Justin Renz as executive vice president 11 August 2014

June 13: Karyopharm Therapeutics Elects 2 Directors

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

August 07: Karyopharm Therapeutics: Results of Operations and Financial Condition

April 17: Karyopharm Therapeutics: Changes in Registrant's Certifying Accountant

April 01: Karyopharm Therapeutics: Entry into a Material Definitive Agreement

March 05: Karyopharm Therapeutics: Results of Operations and Financial Condition

### Issued Capital

Based on 32,670,103 issued equity shares the market capitalisation is US\$1.1 billion. It is NASDAQ's 19th largest Healthcare-Products company by total revenue.

## Board and Management

**Michael G. Kauffman**  
CEO & Director

**Sharon Shacham**  
President & Director

**Justin Renz**  
CFO & Executive Vice  
President

Prior to joining the Company, Mr. Renz, 42, served as Executive Vice President, Chief Financial Officer & Treasurer of Zalicus Inc. (formerly CombinatoRx, Inc.) from March 2012 to July 2014, as Senior Vice President, Chief Financial Officer & Treasurer from July 2009 to February 2012 and as Vice President, Finance & Treasurer from September 2006 to June 2009. From August 2005 to September 2006, Mr. Renz was Director, Accounting and Financial Operations at EMD Serono, Inc., a publicly-traded biopharmaceutical company. From 2002 to 2005, he was Senior Director, Global Accounting and Finance at Coley Pharmaceutical Group, a publicly-traded biopharmaceutical company acquired by Pfizer Inc. in 2007, and has also held financial and accounting positions at ArQule, Inc., Millipore Corporation and Arthur Andersen LLP. Mr. Renz is a certified public accountant and holds a B.A. in Economics/Accounting from the College of the Holy Cross, a Masters in the Science of Taxation from Northeastern University and an M.B.A. from Suffolk University.

### **Creation of shareholder value in Karyopharm Therapeutics:**

Since appointment as CFO: The present value of USD1,000 invested on the appointment date of August 11, 2014 at close price of US\$35.52 is US\$987, for a capital loss of US\$13.

**Mansoor Raza Mirza**  
Director

**Kenneth E. Weg**  
Director

**Deepa R. Pakianathan**  
Director

Dr. Deepa R. Pakianathan, Ph.D., is Director at Karyopharm Therapeutics, Inc. She joined Delphi Ventures in 2001 and leads the firm's biotechnology investment activities. She served on the boards of Salmedix (a.b. Cephalon in 2005), Ilypsa (a.b. Amgen in 2007), Proteolix (a.b. ONXX in 2009) and led Delphi's investment in Seattle Genetics (Nasdaq: SGEN). She currently serves on the boards of Alexa Pharmaceuticals (Nasdaq: ALXA), Alder, Calithera, Karyopharm, Oncomed, NeurAxon, and PTC Therapeutics. Prior to joining Delphi, she was a Vice President in the healthcare group at JP Morgan. From 1997 to 1998, she was a biotechnology research analyst at Genesis Merchant Group. She worked as a postdoctoral scientist in the Immunology Department at Genentech Corporation from 1993 to 1997, where she evaluated chemokines and chemokine receptors as targets for therapeutic intervention. She is Vice-chair of the Board of Trustees of the San Francisco Conservatory of Music.

**Barry E. Greene**  
Director





## Board and Management (continued)

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**Primiano Christopher Brett**  
Company Secretary &  
Vice President

# Financial Results (Half Year)

30 June, 2014

## INCOME STATEMENT

Currency in Thousand of USD	2014-06-30	2013-06-30	Change %
Contract and grant revenue	193	366	Down 47.3
Operating expenses:			
Research and development	24,138	11,025	Up 118.9
General and administrative	6,214	1,822	Up 241.1
Total operating expenses	30,352	12,847	Up 136.3
Loss from operations	-30,159	-12,481	Deterioration 141.6
Interest income	34	1	Up 3,300.0
Net loss	-30,125	-12,480	Deterioration 141.4
Net loss per share applicable to common stockholders - basic and diluted	-102.0c	-539.0c	Reduced 81.1
Weighted-average number of common shares outstanding used in net loss per share applicable to common stockholders-basic and diluted	29,633,215	2,315,331	Up 1,179.9
Comprehensive loss	-30,125	-12,480	Deterioration 141.4

## BALANCE SHEET

Currency in Thousand of USD	2014-06-30	2013-12-31	Change %
Assets			
Current assets:			
Cash and cash equivalents	132,307	155,974	Down 15.2
Prepaid expenses and other current assets	2,976	1,982	Up 50.2
Total current assets	135,283	157,956	Down 14.4
Property and equipment, net	604	240	Up 151.7
Other assets	1,392	30	Up 4,540.0
Restricted cash	400		
Total assets	137,679	158,226	Down 13.0
Liabilities and stockholders' equity			
Current liabilities:			
Accounts payable	3,456	1,740	Up 98.6
Accrued expenses	2,003	1,168	Up 71.5
Deferred revenue	36	79	Down 54.4
Deferred rent	22		
Other current liabilities	130	305	Down 57.4
Total current liabilities	5,647	3,292	Up 71.5
Deferred rent	201		
Other long-term liabilities	151		
Total liabilities	5,999	3,292	Up 82.2
Stockholders' equity			

# Financial Results (Half Year) (continued)

30 June, 2014

Convertible preferred stock, 0.0001 par value; 5,000,000 shares authorized; none issued and outstanding

Common stock, 0.0001 par value; 100,000,000 shares authorized; 3 29,720,422 and 29,587,258 shares issued and outstanding at June 30, 2014 and December 31, 2013, respectively

Additional paid-in capital	224,371	217,500	Up 3.2
Accumulated deficit	-92,694	-62,569	Deterioration 48.1
Total stockholders' equity	131,680	154,934	Down 15.0
Total liabilities and stockholders' equity	137,679	158,226	Down 13.0

## PERFORMANCE RATIOS

	2014-06-30	2013-06-30	Change %
Return on Equity(%)	-22.88	-8.06	Deterioration 184.0
Return on Assets(%)	-21.88	-7.89	Deterioration 177.4

## PER SHARE FIGURES

	2014-06-30	2013-06-30	Change %
EPS	-102.0c	-539.0c	Reduced 81.1

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