

Onconova Therapeutics (ONTX : US\$5.35)

Onconova Therapeutics sinks 19.4% in second quarter, underperforming 88% of the market

Onconova Therapeutics, Inc., NASDAQ's 22nd largest biotechnology company by market cap, sank US\$1.29 (or 19.4%) in the quarter ended June 30 to close at US\$5.35. This loss means the stock has underperformed 88% of NASDAQ-listed stocks in quarter ended June 30. The volume in the quarter was 0.8 times the average trading of 245,372 shares. Compared with the NASDAQ-100 Index which rose 191.1 points (or 5.2%), this represents a relative price change of -24.6%. In the second quarter the market cap declined US\$36.9 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:

- 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 stock is overbought according to the Williams % R indicator of -13.3.
- The price to 200-day MAP ratio is 0.35, a bearish indicator.

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 1.4 lower than average of 5.8 for the Biotechnology sector and 6.2 for the Total NASDAQ Market.

Stock Summary

Sector	Biotechnology
Market Cap	US\$115.8 million
Shares Outstanding	21,638,029
ISIN	US68232V1089
Relative Strength (3 mo)	12

Financial Summary

Year ended	Dec 2013	Dec 2012	Dec 2011
Sales (USDm)	4.9	47.2	1.5
Pretax (USDm)	(62.1)	(29.9)	(26.3)
Net (USDm)	(64.9)	(33.9)	(30.3)
EPS (USD)	(6.12)	(15.35)	-

MCap: A Historical Perspective

	Share Price (USD)	Market Cap (\$)
Last	5.4	115.8 million

Analysis

Bullish Signals

- In the last 13 trading sessions there has been a net rise of 17.84%; the stock has advanced ten times and the biggest one day rise was 14% on Jun 12.
- The Moving Average Convergence Divergence (MACD) indicator of 12-day Exponential Moving Average (EMA) of 5.06 minus the 26-day EMA of 5.0 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 1.4 lower than average of 5.8 for the Biotechnology sector and 6.2 for the Total NASDAQ Market.
- The company is cash rich with Cash to Market Capitalisation at 51.8%.
- The Q Ratio, defined by James Tobin as MCap divided by Total Assets, is 1.1. Compared with the rest of the market the stock is undervalued.

Other Bullish Signals:

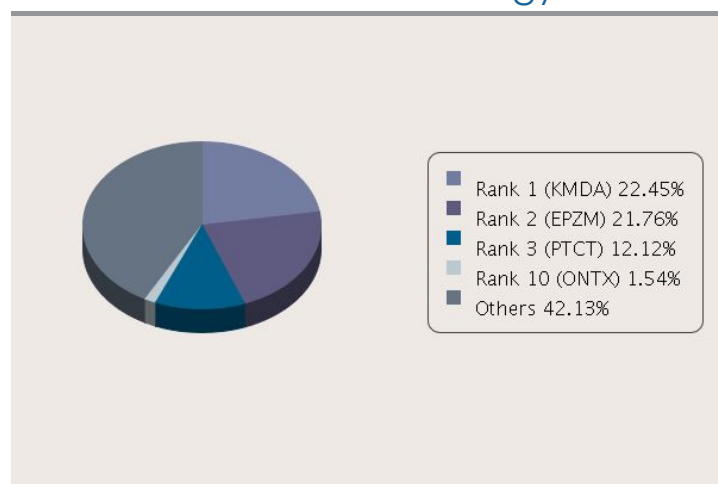
Also, the following criteria set by Benjamin Graham:

- "Current ratio of two or more"; current assets are 10.1 times current liabilities.

Bullish Indicators and Rank in Market:

Description	Value	Rank In Market
%Prem To Vol Wtd Price	9.5	In Top Quartile

Revenue Share Biotechnology



Bearish Signals

- The price is at a premium of 9.5% to the 1-month volume weighted average price of US\$4.88. Given that this premium has been under 9.5% two hundred thirteen times and over 9.5% fifteen times in the last year, the downside:upside probability is estimated at 213:15 or 14.2:1.
- Falls to Rises: In the last three months the number of falls outnumbered rises 36:27 or 1.33:1.
- In the NASDAQ market of 2,409 stocks traded today, the stock has a 6-month relative strength of 1 indicating it is trailing 99.0% of the market.
- The Price/MAP of 0.35 for ONTX is lower than the Price/MAP for the NASDAQ-100 Index of 0.5.
- The price to 200-day MAP ratio is 0.35, a bearish indicator. In the past 200 days this ratio has been under 0.35 59 times suggesting further downside. The 200-day MAP has decreased to US\$15.16. A decrease is another bearish indicator.
- The stock is overbought according to the Williams % R indicator of -13.3.
- In the NASDAQ Short Selling market of 2430 stocks, short selling as a % of issued shares ranked 410th and within the top quartile of stocks. This means it was higher than market average of 0.43%, a bearish indicator.
- The current short volume is 1.3 times its own historical average of 0.6%.

Other Bearish Signals:

- Net Profit margin and EBIT margin have seen consecutive falls and seem to be on a slippery slope in recent years.

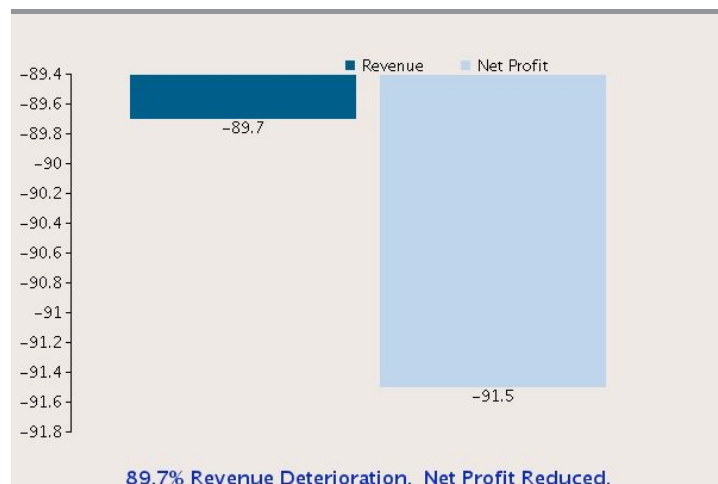
Annual Trend:

[Year ended, all figures in %]:

Year	Net Profit Margin	EBIT Margin	EBITDA Margin
Dec 13	-1,335.2	-1,278.7	-1,269.5
Dec 12	-71.8	-45.2	-27.1

Analysis (continued)

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



Bearish Indicators and Rank in Market:

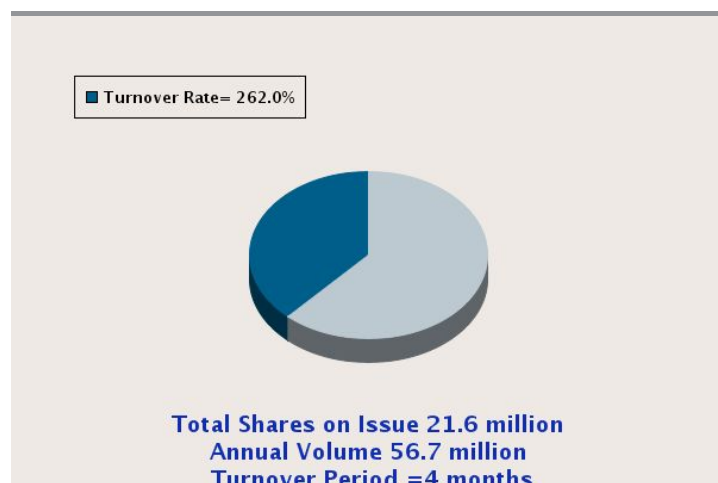
Description	Value	Rank In Market
Volatility %	6.0	In Bottom Quartile
Annual Revenue	US\$4.1 million	In Bottom 3%
Price/MAP200	0.35	In Bottom 1%
Relative Strength (6M)	1	In Bottom 1%
Price/MAP50	0.24	In Bottom 1%
Price to Sales	23.8	In Bottom 1%

Note

Neutral Indicators and Rank in Market:

Description	Value	Rank In Market
Turnover in Quarter	US\$66.2 million	In 2nd Quartile
MCap	US\$115.8 million	In 3rd Quartile

Turnover Rate & Turnover Period



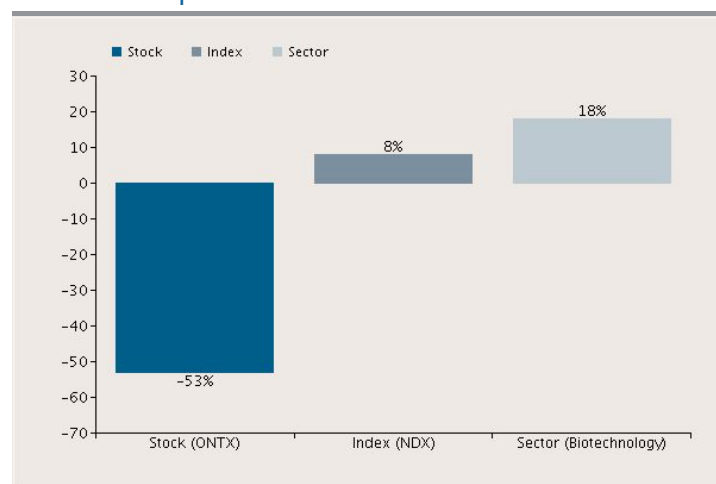
Trailing 3 months

Turnover US\$66.2 million

Volume 12,371,673

Volume Index (1 is avg) 0.8

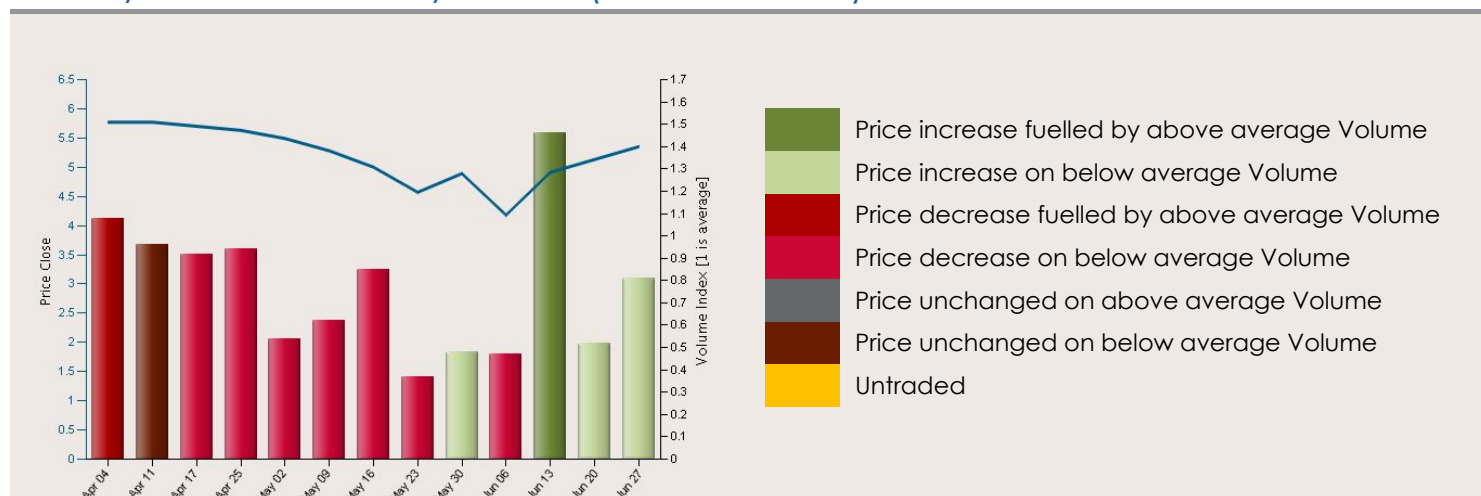
YTD Comparison Stock Sector Index



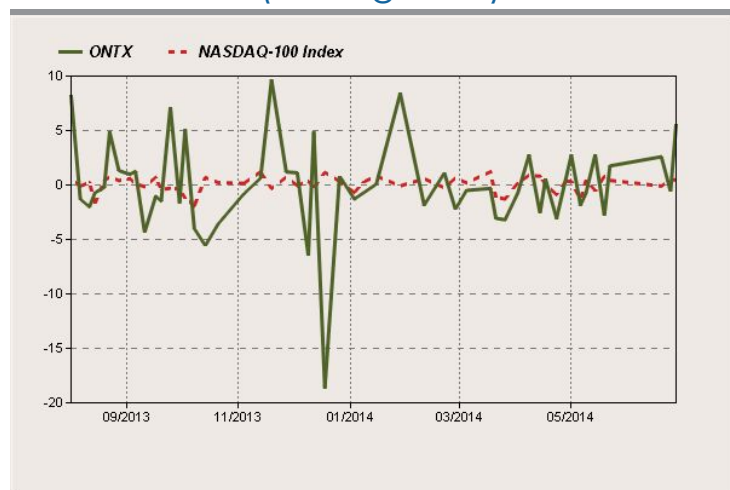
Price Volume Trend: Trailing Quarter



Weekly Price Volume Dynamics (Last 12 Weeks)



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)
TetraLogic Pharmaceuticals	5.89	8	131	-	-	-23	56
Onconova Therapeutics	5.35	1	116	-	4	-68	105
Recro Pharma	8.01	-	62	-	-	-2	1
GenVec	2.57	80	44	6,425	5	-8	7

Company Overview

Activities

Onconova Therapeutics Inc. is a private biopharmaceutical company. The Company is focused on targeting cancer and protecting healthy cells. Onconova researches to understand how normal cells change to become cancerous and exploiting the differences in a cells cycle.

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

Regulatory Announcements

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

May 23: Onconova Therapeutics: Submission of Matters to a Vote of Security Holders

April 07: Onconova Development Programs Highlighted in Seven Presentations at AACR Annual Meeting

March 10: Onconova Therapeutics, Inc. Reports Fourth Quarter and Year-End 2013 Financial Results and Outlines Key Objectives for 2014

March 04: Onconova Therapeutics, Inc. Announces Timing for Fourth Quarter and Year-End 2013 Financial Results and Conference Call

February 26: Onconova Therapeutics, Inc. to Present at the Cowen and Company 34th Annual Health Care Conference

February 24: Onconova Therapeutics insider buys

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

May 23: Onconova Therapeutics Elects 7 Directors

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

May 15: Onconova Therapeutics: Results of Operations and Financial Condition

March 10: Onconova Therapeutics: Results of Operations and Financial Condition

March 07: Onconova Therapeutics: Other Events

February 20: Onconova Therapeutics: Other Events

Conference Call-transcripts

To view Conference Call-transcripts, [click here](#)

12 May, 2014: Onconova Therapeutics' (ONTX) CEO Dr. Ramesh Kumar on Q1 2014 Results - Earnings Call Transcript

Issued Capital

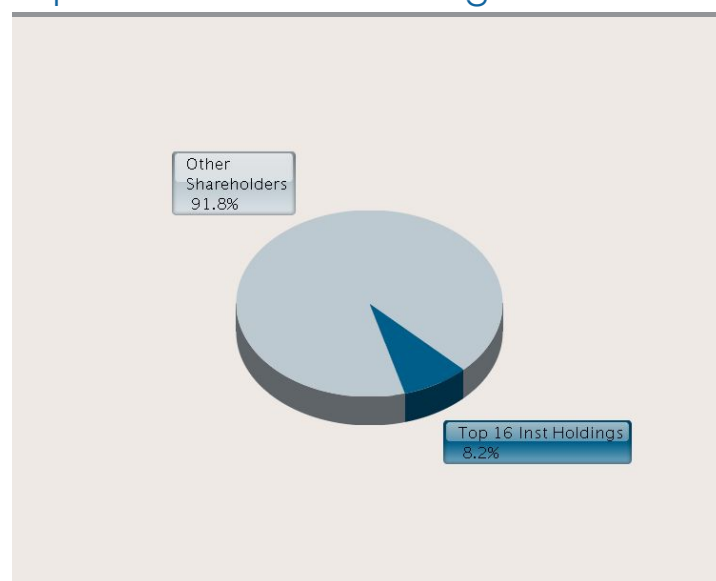
Based on 21,638,029 issued equity shares the market capitalisation is US\$115.8 million. It is NASDAQ's 11th largest Biotechnology company by assets.

The top sixteen shareholders hold 8.2% of the issued capital leaving a float of 91.8%.

Top 10 Shareholders

Name of Shareholder	No. of Shares	% Held
Fmr Llc	755,620	3.49
Sarissa Capital Management Lp	350,000	1.62
Weiss Multi-Strategy Advisers Llc	189,400	0.88
A.R.T. Advisors Llc	117,979	0.55
Credit Suisse Ag/	95,293	0.44
State Street Corp	70,911	0.33
Bridgeway Capital Management Inc	47,000	0.22
Geode Capital Management Llc	31,181	0.14
Morgan Stanley	28,888	0.13
Proshare Advisors Llc	22,416	0.1
Total	1,708,688	7.9

Top 16 Institutional Holdings





Board and Management

Ramesh Kumar
CEO & President & Director

Michael B. Hoffman
Chairman

Ajay Bansal
CFO & Director

Jerome E. Groopman
Director

Henry S. Bienen
Director

E. Premkumar Reddy
Director

Viren Mehta
Director

Financial Results (Quarterly)

31 March, 2014

INCOME STATEMENT

Currency in USD	2014-03-31	2013-03-31	Change %
Revenue	447,000	1,116,000	Down 59.9
Operating expenses:			
General and administrative	4,932,000	3,346,000	Up 47.4
Research and development	14,248,000	12,756,000	Up 11.7
Total operating expenses	19,180,000	16,102,000	Up 19.1
Loss from operations	-18,733,000	-14,986,000	Deterioration 25.0
Change in fair value of warrant liability	16,000	14,000	Up 14.3
Other income, net	1,000	127,000	Down 99.2
	17,000	141,000	Down 87.9
Net loss	-18,716,000	-14,845,000	Deterioration 26.1
Net loss attributable to non-controlling interest	37,000		
Net loss attributable to Onconova Therapeutics, Inc.	-18,679,000	-14,845,000	Deterioration 25.8
Accretion of redeemable convertible preferred stock		-1,019,000	
Net loss applicable to common stockholders	-18,679,000	-15,864,000	Deterioration 17.7
Net loss per share of common stock, basic and diluted	-87.0c	-608.0c	Reduced 85.7
Basic and diluted weighted average shares outstanding	21,568,302	2,607,406	Up 727.2

BALANCE SHEET

Currency in USD	2014-03-31	2013-12-31	Change %
Assets			
Current assets:			
Cash and cash equivalents	54,624,000	60,009,000	Down 9.0
Marketable securities	29,999,000	39,994,000	Down 25.0
Prepaid expenses and other current assets	4,401,000	4,387,000	Up 0.3
Total current assets	89,024,000	104,390,000	Down 14.7
Property and equipment, net	557,000	626,000	Down 11.0
Restricted cash	125,000	125,000	Steady
Other non-current assets	12,000	12,000	Steady
Total assets	89,718,000	105,153,000	Down 14.7
Liabilities and stockholders' equity			
Current liabilities:			
Accounts payable	3,302,000	3,710,000	Down 11.0
Accrued expenses and other current liabilities	7,795,000	5,820,000	Up 33.9
Warrant liability	4,000	20,000	Down 80.0
Deferred revenue	455,000	788,000	Down 42.3
Total current liabilities	11,556,000	10,338,000	Up 11.8
Deferred revenue, non-current	13,795,000	13,909,000	Down 0.8
Other	3,000	6,000	Down 50.0
Total liabilities	25,354,000	24,253,000	Up 4.5
Commitments and contingencies			
Stockholders' equity:			

Financial Results (Quarterly) (continued)

31 March, 2014

Preferred stock, 0.01 par value, 5,000,000 authorized at March 31, 2014 and December 31, 2013, none issued and outstanding at March 31, 2014 and December 31, 2013

Common stock, 0.01 par value, 75,000,000 authorized at March 31, 2014 and December 31, 2013, 21,638,887 and 21,467,482 shares issued and outstanding at March 31, 2014 and December 31 2013	217,000	215,000	Up 0.9
Additional paid in capital	313,272,000	311,093,000	Up 0.7
Accumulated other comprehensive income		1,000	
Accumulated deficit	-249,575,000	-230,896,000	Deterioration 8.1
Total Onconova Therapeutics, Inc. stockholders' equity	63,914,000	80,413,000	Down 20.5
Non-controlling interest	450,000	487,000	Down 7.6
Total stockholders' equity	64,364,000	80,900,000	Down 20.4
Total liabilities and stockholders' equity	89,718,000	105,153,000	Down 14.7

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