

## Bluebird Bio (BLUE : US\$25.89)

### Bluebird Bio jumps 24% in 2014, outperforming 87% of the market

Bluebird Bio, Inc., NASDAQ's 5th largest biotechnology company by market cap, has now jumped US\$5.02 (or 24.1%) year to date in 2014 to close at US\$25.89. This gain means the stock has outperformed 87% of NASDAQ-listed stocks in 2014. The volume YTD has been 1.2 times average trading of 177,613 shares. Compared with the NASDAQ-100 Index which has risen 6.0% YTD, this represents a relative price increase of 18.1%. In 2014 the market cap has jumped US\$139.6 million.

### Introduction

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

**What makes us most bullish on the stock is the following:**

- Its Moving Average Convergence Divergence indicators are rising, with its 12-day EMA higher than its 26-day EMA.
- It is beating 82% of the market the past 6 months.
- The price to 50-day EMAP ratio is 1.1, a bullish indicator. The 50-day EMAP has increased to US\$22.81.

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

- The Q Ratio, defined by James Tobin as MCap divided by Total Assets, is 2.8. Compared with the rest of the market the stock is overvalued and ranks in the bottom quartile of stocks by value of Q Ratio.

### Stock Summary

<b>Sector</b>	Biotechnology
<b>Market Cap</b>	US\$634.6 million
<b>Shares Outstanding</b>	24,511,967
<b>ISIN</b>	US09609G1004
<b>Relative Strength (3 mo)</b>	59

### MCap: A Historical Perspective

	Share Price (USD)	Market Cap (\$)
Last	25.9	634.6 million

# Analysis

## Bullish Signals

- In the last 7 trading sessions there has been a net rise of 5.59%; the stock has advanced fourteen times and the biggest one day rise was 8.1% on May 20.
- In the NASDAQ market of 2,339 stocks traded today, the stock has a 6-month relative strength of 82 which means it is beating 82% of the market.
- A price rise combined with a high relative strength is a bullish signal.
- The Moving Average Convergence Divergence (MACD) indicator of 12-day Exponential Moving Average (EMA) of 24.25 minus the 26-day EMA of 23.36 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 0.93 for BLUE is higher than the Price/MAP for the NASDAQ-100 Index of 0.6.
- The stock traded at a one-month high of US\$26.74 today.
- The current short volume is 0.8 times its own historical average of 0.6%.

## Undervaluation:

- The Price to Book of 4.2 lower than average of 5.1 for the Biotechnology sector and 6.1 for the Total NASDAQ Market.
- The company is cash rich with Cash to Market Capitalisation at 32.5%.

## Other Bullish Signals:

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



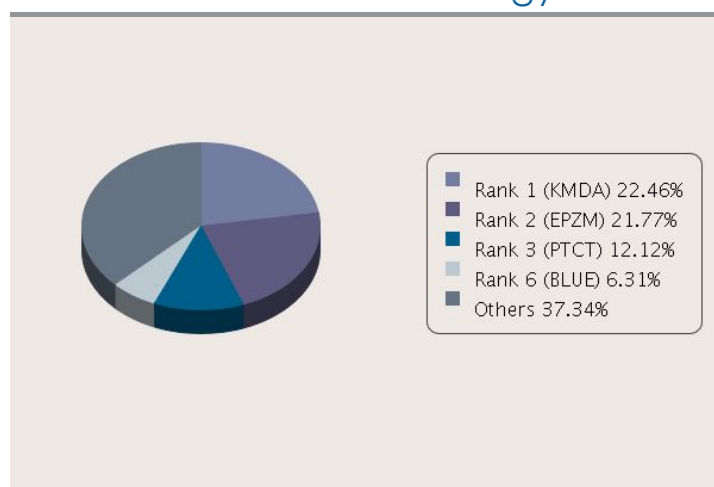
Also, the following criteria set by Benjamin Graham:

- "Current ratio of two or more"; current assets are 6.1 times current liabilities.

## Bullish Indicators and Rank in Market:

Description	Value	Rank In Market
Price Change %	2.5	In Top 8%
Cash to MCap %	32.5	In Top Quartile
%Prem To Vol Wtd Price	10.3	In Top Quartile
Relative Strength (6M)	82	In Top Quartile

## Revenue Share Biotechnology



## Bearish Signals

- The price is at a premium of 10.3% to the 1-month volume weighted average price of US\$23.47. Given that this premium has been under 10.3% one hundred ninety-five times and over 10.3% twenty-two times in the last year, the downside:upside probability is estimated at 195:22 or 8.9:1.
- The price to 200-day MAP ratio is 0.93, a bearish indicator. In the past 200 days this ratio has been under 0.93 54 times suggesting further downside. The stock is trading below both its MAPs at US\$27.74 for the 200-day MAP and US\$40.57 for the 50-day MAP, another bearish indicator.
- The stock is overbought according to the Williams % R indicator of -12.6.

## Overvaluation:

- The Q Ratio, defined by James Tobin as MCap divided by Total Assets, is 2.8. Compared with the rest of the market the stock is overvalued and ranks in the bottom quartile of stocks by value of Q Ratio.

## Analysis (continued)

### Other Bearish Signals:

The stock has a score of merely 2 out of 9 set by Joseph Piotroski [pass mark  $\geq 5$ ]:

Positive operating cashflow; improvement in asset turnover [growth in revenue of 4973.1% exceeded growth in assets of 223.7%].

### Bearish Indicators and Rank in Market:

Description	Value	Rank In Market
Annual Revenue	US\$19.8 million	In Bottom Quartile
Volatility %	5.9	In Bottom Quartile
Price/MAP50	0.64	In Bottom 9%

## Note

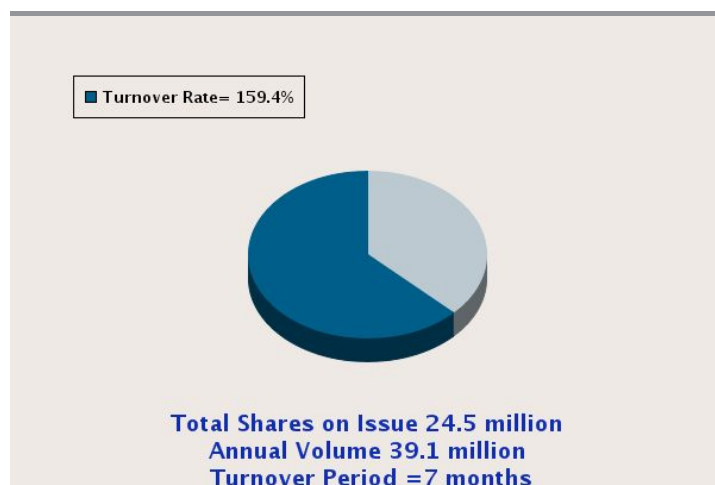
### Neutral Indicators and Rank in Market:

Description	Value	Rank In Market
Turnover in Quarter	US\$339.6 million	In 2nd Quartile
MCap	US\$634.6 million	In 2nd Quartile

## Insider Trades



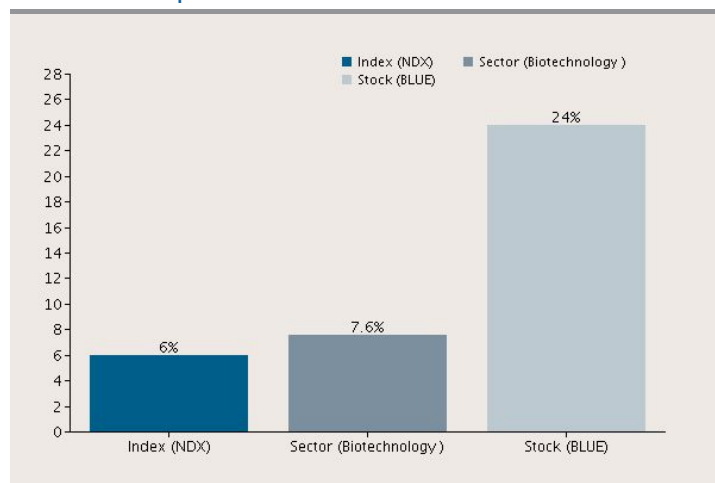
## Turnover Rate & Turnover Period



## Trailing 3 months

Turnover	US\$339.6 million
Volume	14,967,587
Volume Index (1 is avg)	1.3

## YTD Comparison Stock Sector Index



## Price Volume Trend: Trailing Quarter

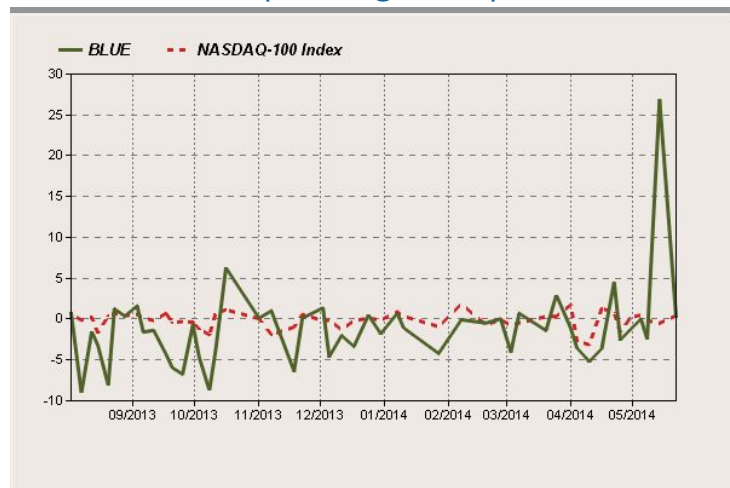


## Weekly Price Volume Dynamics (Last 12 Weeks)



- 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)
Epizyme	26.45	85	877	-	73	-3	163
PTC Therapeutics	25.08	93	754	-	38	-66	152
Bluebird Bio	25.89	82	635	-	20	-25	224
Oncomed Pharmaceuticals	21.18	23	625	-	38	-26	334
Zeltiq Aesthetics	15.56	21	579	2,762	-	-	-
Aratana Therapeutics	14.29	11	421	-	1	-4	116

## Recent Analyst Recommendations

Date	Brokerage	Action	Past Rating	Current Rating	Prev Target	Price Target
13-Jun-2014	Piper Jaffray	Initiated Coverage	-	Overweight	-	-
14-May-2014	Zacks	Upgrade	Underperform	Neutral	-	19.9
08-Apr-2014	EVA Dimensions	Upgrade	Hold	Buy	-	-

## Reported Buying Selling by Insiders

Insider	Date	Transaction Type	No. of Shares	Price, US\$	Value, US\$
Walsh Jeffrey T.	Jun 10, 2014	Sold	6,000	24.23	145,380
Davidson David	Jun 02, 2014	Sold	3,000	22.21	66,630
Finer Mitchell H.	Jun 02, 2014	Sold	8,000	22.21	177,680
Leschly Nick	Jun 02, 2014	Sold	5,000	22.21	111,050
Walsh Jeffrey T.	May 14, 2014	Sold	1,500	20.03	30,045
Walsh Jeffrey T.	May 12, 2014	Sold	4,500	18.93	85,185
Leschly Nick	May 01, 2014	Sold	5,000	20.07	100,350
Davidson David	May 01, 2014	Sold	4,000	19.85	79,400
Walsh Jeffrey T.	Apr 10, 2014	Sold	6,000	21.29	127,740
Davidson David	Apr 01, 2014	Sold	4,000	22.74	90,960



## Company Overview

### Activities

Bluebird Bio, Inc. provides biotechnological products and services. The Company offers gene therapies for severe genetic disorders such as childhood cerebral adrenoleukodystrophy, neurodegenerative disorders, and beta-thalassemia. Bluebird Bio conducts its business in the United States.

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

### Regulatory Announcements

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

June 12: Bluebird Bio insider sells; shares at a 20-day high  
 June 09: bluebird bio to Host a Conference Call to Discuss Initial Results from the HGB-205 Study in Beta-Thalassemia Major Subjects

June 04: Bluebird Bio insider sells; shares at a 19-day low

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May 13: bluebird bio Reports Fiscal First Quarter 2014 Financial Results

March 27: bluebird bio Announces First Patient Transplanted in Phase 1/2 Northstar Study for the Treatment of Beta-Thalassemia

March 05: bluebird bio Reports Fiscal Year End 2013 Financial Results

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

January 07: Axel Polack - Bluebird Bio director resigns

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

May 22: Bluebird Bio: Other Events

March 05: Bluebird Bio: Results of Operations and Financial Condition

### Issued Capital

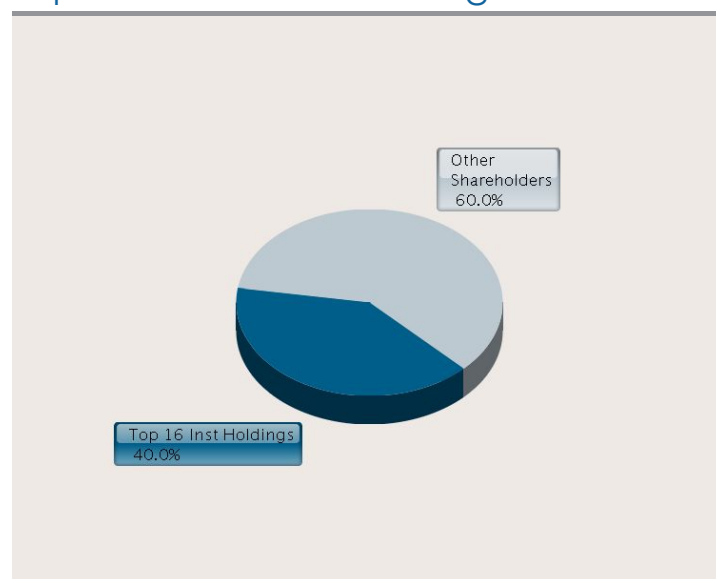
Based on 24,511,967 issued equity shares the market capitalisation is US\$634.6 million. It is NASDAQ's 6th largest Biotechnology company by total revenue.

The top sixteen shareholders hold 40.0% of the issued capital leaving a float of 60.0%.

### Top 10 Shareholders

Name of Shareholder	No. of Shares	% Held
Fmr LLC	3,624,383	14.79
Third Rock Ventures LLC	2,416,974	9.86
Jennison Associates LLC	730,502	2.98
Blackrock Fund Advisors	483,547	1.97
Deerfield Management Co	414,474	1.69
Franklin Resources Inc	338,532	1.38
Ubs Global Asset Management Americas Inc	291,747	1.19
Orbimed Advisors LLC	289,000	1.18
Fred Alger Management Inc	273,359	1.12
Baker Bros. Advisors Lp	198,260	0.81
<b>Total</b>	<b>9,060,778</b>	<b>36.96</b>

### Top 16 Institutional Holdings



## Board and Management

### Nick Leschly CEO & President



Nick Leschly has served as our president and chief executive officer since September 2010. Previously, he served as our interim chief executive officer from March 2010 to September 2010. Formerly a partner of Third Rock Ventures, L.P. since its founding in 2007, Mr. Leschly played an integral role in the overall formation, development and business strategy of several of Third Rock's portfolio companies, including Agios Pharmaceuticals, Inc. and Edimer Pharmaceuticals, Inc. Prior to joining Third Rock, he worked at Millennium Pharmaceuticals, Inc., leading several early-stage drug development programs and served as the product and alliance leader for VELCADE. Mr. Leschly also founded and served as chief executive officer of MedXtend Corporation. He received his B.S. in molecular biology from Princeton University and his M.B.A. from Wharton Business School. He currently serves as a member of the Biotechnology Industry Organization board.

### James Mandell Director

#### Creation of shareholder value in Bluebird Bio:

Since appointment as Director: The present value of USD1,000 invested on the appointment date of January 10, 2014 at close price of US\$21.79 is US\$1,188, for a capital gain of US\$188.

### Walsh Jeffrey T. Chief Operating Officer

Mr. Jeffrey T. Walsh is Chief Operating Officer, Secretary of bluebird bio, Inc. He has served as chief operating officer since May 2011 and as secretary since March 2013. Mr. Walsh has 25 years of experience in executive leadership positions with responsibility for finance, business development, commercial and business operations, strategic planning and legal functions with established and emerging public and private life sciences companies. From November 2008 to February 2011, Mr. Walsh served as chief business officer of Taligen Therapeutics, Inc. where he played a key role in the growth of the company and the ultimate sale of Taligen Therapeutics, Inc. to Alexion Pharmaceuticals, Inc. in January 2011. Mr. Walsh started his career at SmithKline Beecham Corporation in finance and worldwide business development roles. He subsequently held senior business development, finance and operations roles at PathoGenesis Corp. (acquired by Chiron Corporation), Allscripts Healthcare Solutions Inc., EXACT Sciences Corporation and Inotek Pharmaceuticals Corp. Mr. Walsh received his B.A. in sociology and economics from Yale University and his M.B.A. from the Kellogg Graduate School of Management at Northwestern University.

# Financial Results (Quarterly)

31 March, 2014

## INCOME STATEMENT

Currency in Thousand of USD	2014-03-31	2013-03-31	Change %
Revenue:			
Collaboration revenue	6,250	1,042	Up 499.8
Research and license fees	85	85	Steady
Total revenue	6,335	1,127	Up 462.1
Operating expenses:			
Research and development	11,463	5,284	Up 116.9
General and administrative	5,540	2,324	Up 138.4
Total operating expenses	17,003	7,608	Up 123.5
Loss from operations	-10,668	-6,481	Deterioration 64.6
Other income (expense), net	59	-63	Recovery
Net loss	-10,609	-6,544	Deterioration 62.1
Net loss per share-basic and diluted:	-44.0c	-1,994.0c	Reduced 97.8
Weighted-average number of common shares used in computing net loss per share-basic and diluted:	24,148,000	328,000	Up 7,262.2

## BALANCE SHEET

Currency in Thousand of USD	2014-03-31	2013-12-31	Change %
Assets			
Current assets:			
Cash and cash equivalents	192,499	206,279	Down 6.7
Deferred tax assets	693	693	Steady
Prepaid expenses and other current assets	2,728	5,015	Down 45.6
Total current assets	195,920	211,987	Down 7.6
Property and equipment, net	11,984	10,920	Up 9.7
Restricted cash and other non-current assets	1,606	1,483	Up 8.3
Total assets	209,510	224,390	Down 6.6
Liabilities and stockholders' equity			
Current liabilities:			
Accounts payable	2,601	4,359	Down 40.3
Accrued expenses and other current liabilities	5,190	5,175	Up 0.3
Deferred revenue, current portion	25,255	25,340	Down 0.3
Total current liabilities	33,046	34,874	Down 5.2
Deferred rent, net of current portion	7,263	6,740	Up 7.8
Deferred revenue, net of current portion	23,958	30,208	Down 20.7
Deferred tax liabilities	693	693	Steady
Other non-current liabilities	385	208	Up 85.1
Total liabilities	65,345	72,723	Down 10.1
Commitments and contingencies			
Stockholders' equity:			
Preferred stock, 0.01 par value, 5,000 shares authorized;			
0 shares issued and outstanding at March 31, 2014 and December 31, 2013			



# Financial Results (Quarterly) (continued)

31 March, 2014

Common stock, 0.01 par value, 125,000 shares authorized;

24,279 and 23,940 shares issued and outstanding at March 31, 2014 and December 31, 2013, respectively	243	239	Up 1.7
Additional paid-in capital	253,206	250,103	Up 1.2
Accumulated deficit	-109,284	-98,675	Deterioration 10.8
Total stockholders' equity	144,165	151,667	Down 4.9
Total liabilities and stockholders' equity	209,510	224,390	Down 6.6

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