

Agios Pharmaceuticals (AGIO : US\$42.62)

Agios Pharmaceuticals soars 77% in 2014, leads Healthcare-Products sector

Agios Pharmaceuticals Inc, NASDAQ's largest healthcare-products company by market cap, has now soared US\$18.60 (or 77.5%) year to date in 2014 to close at US\$42.62. This gain makes the stock the highest rising one in the Healthcare-Products sector which is up 117.0% in 2014. The volume YTD has been 1.3 times average trading of 266,051 shares. Compared with the NASDAQ-100 Index which has risen 6.5% YTD, this represents a relative price increase of 70.9%. In 2014 the market cap has jumped US\$699.4 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.
- The price to 200-day MAP ratio is 1.16, a bullish indicator.
- It is beating 99% 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\$37.89.

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

- The Price to Book of 11 higher than average of 9.5 for the Healthcare-Products sector and 6.1 for the Total NASDAQ Market.
- 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.

Stock Summary

Sector	Healthcare-Products
Market Cap	US\$1.4 billion
Shares Outstanding	33,919,046
ISIN	US00847X1046
Trailing 3 months	
Relative Strength (3 mo)	97
Turnover	US\$1.1 billion
Volume	27,237,276
Volume Index (1 is avg)	1.6

MCap: A Historical Perspective

	Share Price (USD)	Market Cap (\$)
Last	42.6	1.4 billion

Analysis

Bullish Signals

- In the last 4 trading sessions there has been a net rise of 16.53%; the stock has advanced ten times and the biggest one day rise was 10.2% on Jun 04.
- In the NASDAQ market of 2,383 stocks traded today, the stock has a 6-month relative strength of 99 which means it is beating 99% of the market.
- The Moving Average Convergence Divergence (MACD) indicator of 12-day Exponential Moving Average (EMA) of 38.16 minus the 26-day EMA of 37.67 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 1.16 for AGIO is higher than the Price/MAP for the NASDAQ-100 Index of 0.2.
- The price to 200-day MAP ratio is 1.16, a bullish indicator. In the past 200 days this ratio has exceeded 1.16, 34 times suggesting further upside. The 50-day MAP of US\$58.77 is higher than the 200-day MAP of US\$36.60, a bullish indicator. The 200-day MAP has increased to US\$36.60. An increase is another bullish indicator.

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 4.6 times current liabilities.

Bullish Indicators and Rank in Market:

Description	Value	Rank In Market
Relative Strength (6M)	99	In Top 2%
%Prem To Vol Wtd Price	13.2	In Top 9%
Price/MAP200	1.16	In Top Quartile
MCap	US\$1.4 billion	In Top Quartile

Bearish Signals

- The price is at a premium of 13.2% to the 1-month volume weighted average price of US\$37.64. Given that this premium has been under 13.2% one hundred eighty times and over 13.2% thirty-three times in the last year, the downside:upside probability is estimated at 180:33 or 5.5:1.
- The price has risen above the upper Bollinger band of US\$42.06; the Stochastic indicator of 90.8 has broken through the overbought line of 80; the stock is also overbought according to the Williams % R indicator of -16.0.
- In the NASDAQ Short Selling market of 2406 stocks, short selling as a % of issued shares ranked 564th and within the top quartile of stocks. This means it was higher than market average of 0.52%, a bearish indicator.
- The current short volume is 1.1 times its own historical average of 0.5%. It soared 19.2% from the previous day, soared 11.8% from a week ago and jumped 8.4% from a month ago, a significant bearish indicator.

Overvaluation:

- The Price to Book of 11 higher than average of 9.5 for the Healthcare-Products sector and 6.1 for the Total NASDAQ Market.
- 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:

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

Improvement in current ratio from 3.7 to 4.6.

Analysis (continued)

Bearish Indicators and Rank in Market:

Description	Value	Rank In Market
Price Change %	-0.4	In Bottom Quartile
Volatility %	5.3	In Bottom Quartile
Annual Revenue	US\$25.5 million	In Bottom Quartile
Price/MAP50	0.73	In Bottom Quartile
Price to Book Value	11	In Bottom 9%

Note

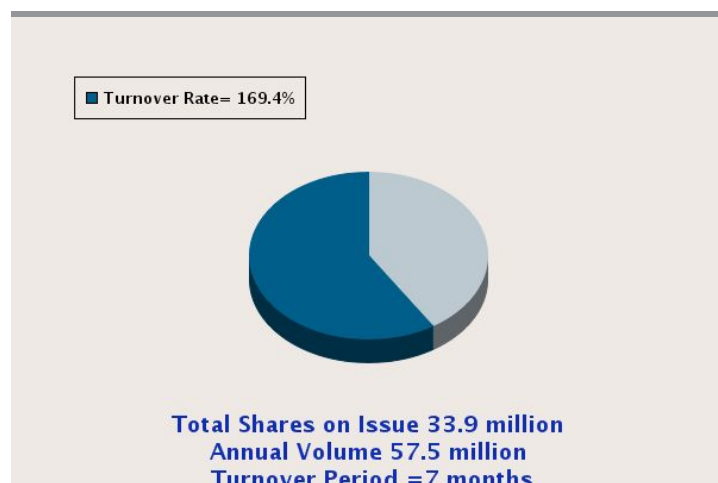
Neutral Indicators and Rank in Market:

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

Insider Trades



Turnover Rate & Turnover Period



Price Volume Trend: Trailing Quarter

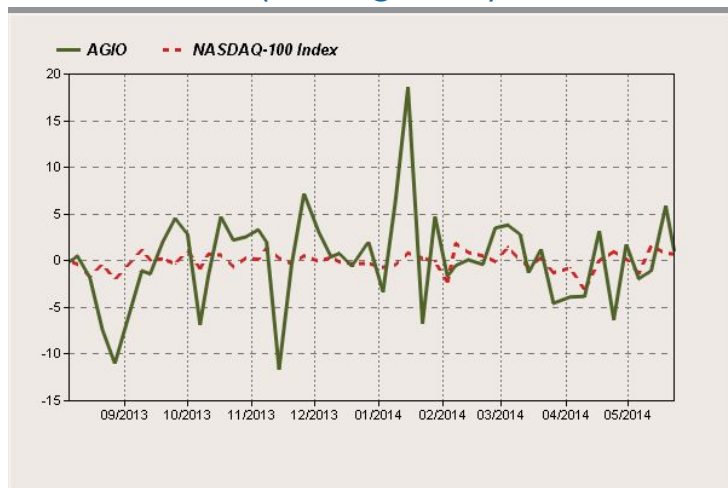


Weekly Price Volume Dynamics (Last 12 Weeks)



- 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

[Index sorting](#)

Name	Last Price	Relative strength (6-months)	MCap (Millions)	PV \$1000 (1 yr)	Revenue (Millions)	Net Profit (Millions)	Total Assets (Millions)
Agios Pharmaceuticals	42.62	99	1,446	-	26	-44	201
Oxford Immunotec Global	17.0	39	298	-	39	-9	93
Nanostring Technologies	15.54	77	281	-	31	-34	64
Conatus Pharmaceuticals	6.0	27	94	-	-	-5	57
Karyopharm Therapeutics	25.26	94	-	-	0	-34	158

Recent Analyst Recommendations

Date	Brokerage	Action	Past Rating	Current Rating	Prev Target	Price Target
06-May-2014	Zacks	Upgrade	Underperform	Neutral	-	44.8
07-Apr-2014	Leerink Swann	Boost Price Target	-	-	51	65
07-Apr-2014	JPMorgan Chase & Co.	Upgrade	Neutral	Overweight	40	55
28-Mar-2014	JPMorgan Chase & Co.	Boost Price Target	-	-	35	40

Reported Buying Selling by Insiders

Insider	Date	Transaction Type	No. of Shares	Price, US\$	Value, US\$
Higgon John Duncan	Jun 03, 2014	Sold	3,700	35.01	129,537
Higgon John Duncan	Jun 02, 2014	Sold	3,300	33.87	111,771
Biller Scott	Jun 02, 2014	Sold	4,500	33.76	151,920
Higgon John Duncan	May 06, 2014	Sold	5,000	45.73	228,650
Maraganore John	Apr 29, 2014	Bought	2,250	44	99,000
Higgon John Duncan	Apr 07, 2014	Sold	3,000	45.17	135,510
Goddard Glenn	Apr 07, 2014	Sold	2,000	45.17	90,340
Goddard Glenn	Apr 01, 2014	Sold	4,000	38.08	152,320
Biller Scott	Apr 01, 2014	Sold	4,500	38.08	171,360
Tessier-lavigne Marc	Jul 24, 2013	Bought	55,555	18	999,990

Company Overview

Activities

Agios Pharmaceuticals Inc. discovers and develops therapeutics in the field of cancer metabolism. The Company develops drugs focusing on glycolysis, fatty acid metabolism, and autophagy. Agios Pharmaceuticals operates in the United States.

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

Sector Sorting

To view Sector Sorting of Healthcare-Products company, [click here](#)

Regulatory Announcements

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

June 04: Agios Pharmaceuticals insider sells; shares at an 11-day low

June 04: Agios Pharmaceuticals insider sells; shares at a one-month high

June 04: Agios Pharmaceuticals to Present at the Goldman Sachs 35th Annual Global Healthcare Conference

June 04: Agios Pharmaceuticals insider sells; shares at an 11-day low

May 22: Agios Pharmaceuticals to Present New Clinical Data from AG-221 Ongoing Phase 1 Study at the 19th Congress of the European Hematology Association

May 14: Agios Pharmaceuticals Appoints Chris Bowden, M.D., as Chief Medical Officer

May 08: Agios Pharmaceuticals Reports First Quarter 2014 Financial Results

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

May 08: Agios Pharmaceuticals: Results of Operations and Financial Condition

April 17: Agios Pharmaceuticals: Other Events

April 07: Agios Pharmaceuticals: Other Events

March 06: Agios Pharmaceuticals: Results of Operations and Financial Condition

January 13: Agios Pharmaceuticals: Regulation FD Disclosure

Issued Capital

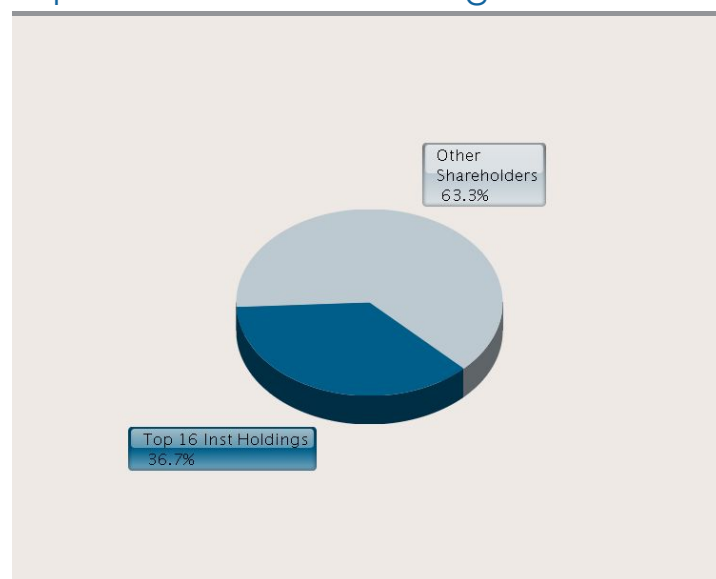
Based on 33,919,046 issued equity shares the market capitalisation is US\$1.4 billion. It is NASDAQ's 3rd largest Healthcare-Products company by total revenue.

The top sixteen shareholders hold 36.7% of the issued capital leaving a float of 63.3%.

Top 10 Shareholders

Name of Shareholder	No. of Shares	% Held
Third Rock Ventures Llc	5,564,414	16.4
Fmr Llc	3,640,679	10.73
Vanguard Group Inc	753,784	2.22
Franklin Resources Inc	478,300	1.41
Lord Abbett & Co. Llc	434,616	1.28
Jennison Associates Llc	309,407	0.91
Driehaus Capital Management Llc	266,159	0.78
Brookside Capital Management Llc	207,889	0.61
Morgan Stanley	201,501	0.59
Jpmorgan Chase & Co	156,325	0.46
Total	12,013,074	35.42

Top 16 Institutional Holdings



Board and Management

David P. Schenkein M. D.
CEO

Paul J. Clancy
Director

Creation of shareholder value in Agios Pharmaceuticals:

Since appointment as Director: The present value of USD1,000 invested on the appointment date of September 26, 2013 at close price of US\$27.44 is US\$1,553, for a capital gain of US\$553.

Higgins John Duncan
Chief Operating Officer

Mr. Duncan Higgins is the Chief Operating Officer for Agios Pharmaceuticals, Inc. He worked at Archemix Corporation, where he served as President, Chief Operating Officer and Interim Chief Executive Officer. He worked as the Chief Commercial Officer at TransForm Pharmaceuticals. He has also held positions at Alkermes, Inc. as Senior Vice President of Business Development and Marketing; Eli Lilly & Co., where he served in a variety of senior sales and marketing functions; and Baxter International.

Financial Results (Quarterly)

31 March, 2014

INCOME STATEMENT

Currency in Thousand of USD	2014-03-31	2013-03-31	Change %
Collaboration revenue-related party	8,411	6,268	Up 34.2
Operating expenses:			
Research and development	17,407	11,462	Up 51.9
General and administrative	3,288	1,852	Up 77.5
Total operating expenses	20,695	13,314	Up 55.4
Loss from operations	-12,284	-7,046	Deterioration 74.3
Interest income	36	8	Up 350.0
Loss before provision for income taxes	-12,248	-7,038	Deterioration 74.0
Provision for income taxes		190	
Net loss	-12,248	-7,228	Deterioration 69.5
Cumulative preferred stock dividends		-1,797	
Net loss applicable to common stockholders	-12,248	-9,025	Deterioration 35.7
Net loss per share applicable to common stockholders - basic and diluted	-39.0c	-247.0c	Reduced 84.2
Weighted-average number of common shares used in net loss per share applicable to common stockholders - basic and diluted	31,394,563	3,658,016	Up 758.2

BALANCE SHEET

Currency in Thousand of USD	2014-03-31	2013-12-31	Change %
Assets			
Current assets:			
Cash and cash equivalents	32,837	71,560	Down 54.1
Marketable securities	129,432	95,209	Up 35.9
Unbilled collaboration receivable-related party	2,619	476	Up 450.2
Prepaid expenses and other current assets	3,033	2,502	Up 21.2
Refundable income taxes	4,496		
Total current assets	172,417	169,747	Up 1.6
Marketable securities	5,005	27,125	Down 81.5
Property and equipment, net	3,452	3,758	Down 8.1
Restricted cash	571	571	Steady
Other assets	467	4	Up 11,575.0
Total assets	181,912	201,205	Down 9.6
Liabilities and stockholders' equity			

Financial Results (Quarterly) (continued)

31 March, 2014

Current liabilities:			
Accounts payable	4,411	3,678	Up 19.9
Accrued expenses	3,841	6,586	Down 41.7
Income taxes payable		1,462	
Deferred revenue-related party	25,072	25,072	Steady
Deferred rent	133	123	Up 8.1
Other current liabilities	624	9	Up 6,833.3
Total current liabilities	34,081	36,930	Down 7.7
Deferred revenue, net of current portion-related party	26,299	32,567	Down 19.2
Deferred rent, net of current portion	186	220	Down 15.5
Other non-current liabilities	3	6	Down 50.0
Commitments and contingencies			
Stockholders' equity:			
Preferred stock, 0,001 par value; 25,000,000 shares authorized; no shares issued and outstanding			
Common stock, 0,001 par value; 125,000,000 shares authorized; 32,832,103 and 31,202,542 shares issued and outstanding at March 31, 2014 and December 31, 2013, respectively		31	Up 3.2
Additional paid-in capital	246,970	244,881	Up 0.9
Accumulated other comprehensive income	33	14	Up 135.7
Accumulated deficit	-125,692	-113,444	Deterioration 10.8
Total stockholders' equity	121,343	131,482	Down 7.7
Total liabilities and stockholders' equity	181,912	201,205	Down 9.6

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