

ZS Pharma (ZSPH : US\$35.83)

ZS Pharma jumps 26% in 2014

ZS Pharma Inc, NASDAQ's 8th largest healthcare-products company by market cap, has now jumped US\$7.33 (or 25.7%) year to date in 2014 to close at US\$35.83. The volume YTD has been 0.3 times average trading of 91,673 shares. In 2014 the market cap has jumped US\$184 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 25:20 or 1.25:1.

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 2 times current liabilities.

Stock Summary

Sector	Healthcare-Products
Market Cap	US\$745.9 million
Shares Outstanding	20,818,771
ISIN	US98979G1058

MCap: A Historical Perspective

	Share Price (USD)	Market Cap (US\$)
Last	35.8	745.9 million

Analysis

Bullish Signals

- The price is at a discount of 4.6% to the 1-month volume weighted average price of US\$37.54, which may appeal as a value proposition.
- In the last 19 trading sessions there has been a net rise of 3.61%; the stock has advanced eight times and the biggest one day rise was 49.4% on Aug 28.
- The Moving Average Convergence Divergence (MACD) indicator of 12-day Exponential Moving Average (EMA) of 37.53 minus the 26-day EMA of 36.4 is positive suggesting a bullish signal.
- The stock is oversold according to the Williams % R indicator of -95.4.

Other Bullish Signals:

Also, the following criteria set by Benjamin Graham:

- "Current ratio of two or more"; current assets are 2 times current liabilities.

Bearish Signals

- The current short volume is 1.4 times its own historical average of 0.3%.

Other Bearish Signals:

Bearish Indicators and Rank in Market:

Description	Value	Rank In Market
Price Change %	-2.3	In Bottom Quartile
Price/MAP50	0.69	In Bottom Quartile
P/E * P/NTA	359.26	In Bottom 3%

Note

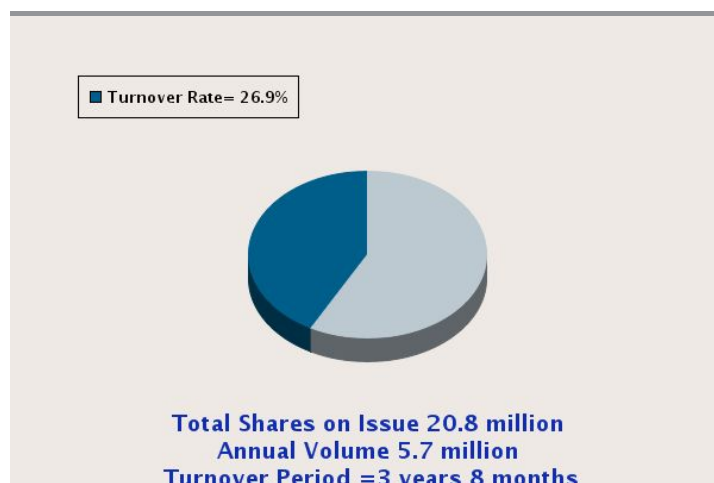
Neutral Indicators and Rank in Market:

Description	Value	Rank In Market
MCap	US\$745.9 million	In 2nd Quartile

Insider Trades



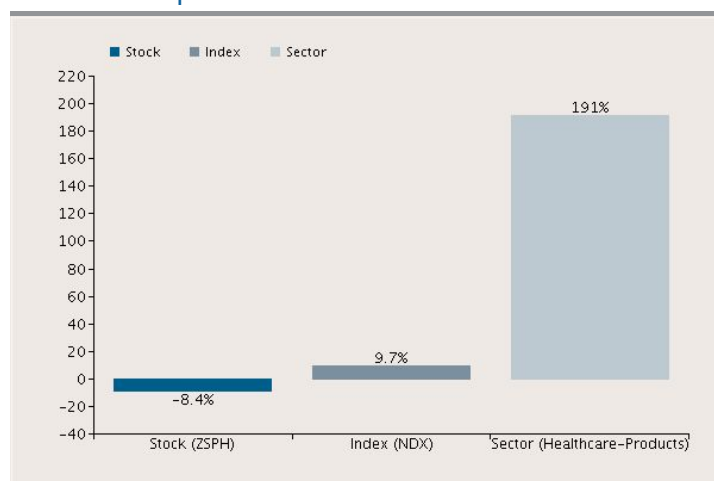
Turnover Rate & Turnover Period



Trailing 3 months

Turnover	US\$191 million
Volume	5,650,461
Volume Index (1 is avg)	1.0

YTD Comparison Stock Sector Index



Price Volume Trend: Trailing Quarter



Recent Analyst Recommendations

Date	Brokerage	Action	Past Rating	Current Rating	Prev Target	Price Target
02-Sep-2014	Credit Suisse	Boost Price Target	-	-	51	54
14-Jul-2014	William Blair	Initiated Coverage	-	Outperform	-	75
14-Jul-2014	Credit Suisse	Initiated Coverage	-	Outperform	-	51
14-Jul-2014	JPMorgan Chase & Co.	Initiated Coverage	-	Overweight	-	43
14-Jul-2014	BMO Capital Markets	Initiated Coverage	-	Outperform	-	38

Reported Buying Selling by Insiders

Insider	Date	Transaction Type	No. of Shares	Price, US\$	Value, US\$
Nohra Guy P	Jun 23, 2014	Bought	200,000	18	3,600,000
Ostro Marc	Jun 23, 2014	Bought	160,000	18	2,880,000

Company Overview

Activities

ZS Pharma Inc. develops and distributes specialty pharmaceutical products. The Company produces non-absorbed drugs to treat cardiovascular, renal, liver and metabolic diseases. ZS Pharma offers its products to the medical and healthcare industries.

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

Regulatory Announcements

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

September 17: ZS Pharma to Present at the 21st Annual BioCentury NewsMakers Conference

September 11: ZS Pharma to Present Data From Phase 3 Trial of ZS-9 in Late-Breaking Session at Heart Failure Society of America 18th Annual Scientific Meeting

August 26: ZS Pharma to Present Late-Breaking Abstract Data from Phase 3 Trial of ZS-9 in State of the Art and Featured Research Session Oral Presentation at European Society of Cardiology (ESC) Congress

July 17: ZS Pharma Secures \$20 Million in Debt Financing

June 25: ZS Pharma insider buys

June 25: ZS Pharma insider buys

June 25: ZS Pharma substantial shareholder buys

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

September 17: ZS Pharma: Regulation FD Disclosure

September 16: ZS Pharma: Regulation FD Disclosure

September 11: ZS Pharma: Regulation FD Disclosure

August 26: ZS Pharma: Regulation FD Disclosure

August 14: ZS Pharma: Results of Operations and Financial Condition

July 17: ZS Pharma: Entry into a Material Definitive Agreement

July 14: ZS Pharma: Regulation FD Disclosure

July 08: ZS Pharma: Regulation FD Disclosure

Issued Capital

Based on 20,818,771 issued equity shares the market capitalisation is US\$745.9 million.

Board and Management

Robert Alexander CEO & Director

Robert joined ZS Pharma as Executive Chairman in March of 2013 and became CEO in December 2013. Prior to ZS Pharma, Robert was a Director at Alta Partners, a venture capital firm located in San Francisco. In addition, he acted as Executive Chairman and interim CEO of SARcode Biosciences. During his time at Alta, he led investments in SARcode Biosciences (acquired by Shire), Sonexa Therapeutics, Allakos, Lumena Pharmaceuticals and ZS Pharma. Prior to Alta, Robert was a Principal in MPM Capital's BioEquities fund where he sourced opportunities and led due diligence efforts for both public and private investments. Robert joined MPM from Genentech where he worked in the Business Development group. At Genentech, his responsibilities included sourcing and screening product opportunities based on scientific merit and strategic fit, leading diligence teams and negotiating terms and definitive agreements. Prior to joining Genentech, Robert was a post-doctoral fellow at Stanford University in the Department of Pathology. He holds a Ph.D. in immunology from the University of North Carolina at Chapel Hill and a bachelor's degree in zoology from Miami University of Ohio.

Alvaro Guillem President & Director

Al co-founded ZS Pharma in 2008. He is a veteran of the pharmaceutical industry with over 30 years of leadership experience in bringing new therapies to market at both well-established and start-up companies. Prior to ZS Pharma, he held senior positions at Genzyme/Bone Care, Wyeth and Boehringer Ingelheim, as well as at start-up companies such as Medeva Americas and Adams Respiratory Therapeutics. Most recently, Al held the role of Vice President of Quality and Scientific Affairs at Ash Access Technology, which developed a catheter lock for patients with ESRD on dialysis. Al holds a B.S. in chemistry from Mary Washington University and a Ph.D. in chemistry from Virginia Commonwealth University.

Guy Nohra Chairman & Director

Guy Nohra is a co-founder of Alta Partners and was a partner at Burr, Egan, Deleage & Co., which he joined in 1989. Guy has been involved in the funding and development of notable medical technology and life science companies including ATS Medical, Cutera, Innerdyne, R2 Technology, deCODE genetics and Vesica. Previously, Guy was Product Manager of Medical Products with Security Pacific Trading Corporation. He was responsible for a multi-million dollar product line and traveled extensively in Korea, Taiwan, Hong Kong, China and Southeast Asia. Currently, Guy serves on the board of directors of several companies, including AcelRx Pharmaceuticals, Bioventus, Carbylan Biosurgery, Cerenis Therapeutics, PneumRx and Vertiflex, and is the Chairman of the Board of USGI Medical. He also serves on the board of directors of the Medical Device Manufacturing Association (MDMA). He was recently named to the Forbes "Midas List" of dealmakers in high-tech and life sciences. Guy also serves as President of the Silicon Valley chapter of The Leukemia and Lymphoma Society. He holds an M.B.A. from the University of Chicago and a B.A. in history from Stanford University.

Todd A. Creech CFO

Todd joined ZS Pharma in August 2013. He was previously CFO and Vice-President of Business Development at Sarcode Biosciences, where he led all financing, legal, accounting and corporate development activities. Shire Pharmaceuticals acquired Sarcode in April 2013. Prior to Sarcode, Todd was CFO of Sirion Therapeutics, an ophthalmic pharmaceutical company. During his tenure, he raised \$100 million in debt and equity financing to support the development of six late-stage clinical programs, two NDA approvals and led the sale of Sirion's drug assets to Alcon and Bausch and Lomb. Todd worked with NovaQuest, the investment group within Quintiles, Inc., where he structured, placed and managed capital investments into U.S. emerging biotech and specialty pharmaceutical companies. Prior to his work with NovaQuest, he co-founded Centice, an optical sensor spin out from Duke University in 2003. Todd has an additional 10 years of experience consulting to biotech and high-tech companies while at SRI International and Andersen Consulting. Todd holds bachelor's degrees in finance and accounting from Miami (Ohio) University and an M.B.A. from Duke University.

Board and Management (continued)

Srinivas Akkaraju Director

Srinivas Srinivas Akkaraju is currently a General Partner at Sofinnova Ventures where he concentrates on biopharmaceutical investments. Srinivas has more than 16 years of investment and operational experience in the life sciences sector. Most recently, he was a Managing Director at New Leaf Venture Partners. Previously, he was a co-founder and Managing Director at Panorama Capital, and served on the investment team at J.P. Morgan Partners, most recently as Partner. He held business and corporate development positions at Genentech. Currently, Srinivas serves on the board of directors of Seattle Genetics, Principia Biopharma and Versartis. His previous board memberships have included Piramed (acquired by Roche), Eyetech Pharmaceuticals, and Synageva BioPharma. He holds bachelor's degrees in both Biochemistry and Computer Science from Rice University and M.D. and Ph.D. degrees in Immunology from Stanford University School of Medicine.

Marc Ostro Director

Marc Ostro is a General Partner at Devon Park Bioventures, a venture capital fund targeting investments in therapeutics companies and medical device, diagnostic and drug discovery technology companies. Previously, Marc was a partner at TL Ventures, L.P., a venture capital firm. Prior to that, he was Senior Managing Director and Head of KPMG's Life Science Group (Mergers and Acquisitions) and was Senior Vice President of Ross Financial Corporation prior to KPMG. Marc was a Managing Director at USB Securities, where he was involved with numerous IPOs and secondary offerings and was with Mabon Securities, where he initiated and grew the firm's biotechnology practice. Dr. Ostro has served on the board of directors of 11 biotechnology companies. In 1981, he co-founded The Liposome Company, a biotechnology company and served as President, Vice Chairman and Chief Science Officer. Marc also founded the Journal of Liposome Research. Marc received a B.S. in biology from Lehigh University and a Ph.D. in biochemistry from Syracuse University. He was a Postdoctoral Fellow and Assistant Professor at the University of Illinois Medical School.

D. Jeffrey Keyser Director & Chief Operating Officer

Jeff co-founded ZS Pharma in 2008 and has over 30 years of experience in the pharmaceutical industry. Prior to joining ZS Pharma, Jeff served as the Chief Compliance Officer and Vice President of Regulatory Affairs at Encysive Pharmaceuticals. In addition, he served as Vice President of Development and Regulatory Affairs at Adams Respiratory Therapeutics and held senior management positions at Medeva Americas, Marion Merrell Dow, Marion Laboratories and Abbott Laboratories. Jeff has experience in regulatory, medical, clinical and product development and has directed efforts to develop, prepare and secure approvals of numerous INDs and NDAs/MMAs in the United States, Canada, Australia and Europe. Jeff received his B.S. degree in pharmacy and his J.D. from Creighton University. He earned an M.P.A. from the University of Missouri at Kansas City and a Ph.D. in economics from the University of Texas at Dallas.

Board and Management (continued)

John Whiting Director

John Whiting is currently the Vice President, Chief Financial and Administrative Officer of Gladstone Institutes where he provides overall direction and leadership to a wide range of Gladstone's finance and administrative functions, including finance and accounting, extramural funding and grants and contracts, human resources, information technology, operations and facilities management, and purchasing. Previously, John spent a decade at Genentech, Inc. (now a member of the Roche Group), most recently as Deputy Chief Financial Officer. Mr. Whiting's responsibilities at Genentech, included accounting and financial reporting, financial planning, treasury, divisional controllerships, mergers and acquisitions and strategic planning. Currently, John serves on the board of directors, and as chair of the finance committee, for the non-profit Larkin Street Youth Services. He has also served on the board of directors, and as chair of the audit committee, for MacPherson's, an art supply and distribution company. He holds both a bachelor's degree in biology and an M.B.A. from the University of Oregon. He is an inactive certified public accountant licensed in the state of California.

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