

## Tokai Pharmaceuticals Inc (TKAI : US\$11.58)

### Tokai Pharmaceuticals Inc tumbles 22% in 2015

Tokai Pharmaceuticals Inc., NASDAQ's 11th largest pharmaceuticals company by market cap, tumbled US\$3.21 (or 21.7%) year to date in 2015 to close at US\$11.58. The volume YTD has been 0.4 times the average trading of 110,159 shares. Compared with the NASDAQ-100 Index which has risen 3.6% YTD, this represents a relative price change of -25.3%. In 2015 the market cap has declined US\$71.8 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:**

- Its Moving Average Convergence Divergence indicators are falling, with its 12-day EMA lower than its 26-day EMA.
- 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 price to 200-day MAP ratio is 0.68, a bearish indicator.

**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\$12.09.

### Stock Summary

<b>Sector</b>	Pharmaceuticals
<b>Market Cap</b>	US\$259.2 million
<b>Shares Outstanding</b>	22,381,742
<b>ISIN</b>	US88907J1079
<b>Relative Strength (3 mo)</b>	10

### MCap: A Historical Perspective

	Share Price (USD)	Market Cap (US\$)
Last	11.6	259.2 million

### Bearish Signals

- Falls to Rises: In the last three months the number of falls outnumbered rises 36:26 or 1.38:1.
- In the NASDAQ market of 2,408 stocks traded today, the stock has a 6-month relative strength of 14 indicating it is trailing 86.0% of the market.
- Also, the relative strength percentile is slipping at 14 for 6 months, 10 for 3 months and 3 for 1 month.
- The Moving Average Convergence Divergence (MACD) indicator of 12-day Exponential Moving Average (EMA) of 13.22 minus the 26-day EMA of 13.63 is negative suggesting a bearish signal. Both the 12-day EMA as well as the 26-day EMA are falling, another bearish signal.
- The Price/MAP of 0.68 for TKAI is lower than the Price/MAP for the NASDAQ-100 Index of 1.2.
- The 200-day MAP has decreased to US\$16.96. A decrease is another bearish indicator.
- The price to 200-day MAP ratio is 0.68, a bearish indicator.
- The stock traded at a three-month low of US\$11.55 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 2401 stocks, short selling as a % of issued shares ranked 378th and within the top quartile of stocks. This means it was higher than market average of 0.5%, a bearish indicator.
- The current short volume is 1.5 times its own historical average of 0.6%. It lifted 2.3% from the previous day, increased 1.5% from a week ago and jumped 6.4% from a month ago, a significant bearish indicator.

### Other Bearish Signals: Bearish Indicators and Rank in Market:

Description	Value	Rank In Market
Relative Strength (6M)	14	In Bottom Quartile
Price/MAP200	0.68	In Bottom Quartile
Volatility %	7.8	In Bottom Quartile
Price/MAP50	0.5	In Bottom 5%
Price Change %	-5.0	In Bottom 4%

### Note

#### Neutral Indicators and Rank in Market:

Description	Value	Rank In Market
Turnover in Quarter	US\$44.4 million	In 3rd Quartile
MCap	US\$259.2 million	In 3rd Quartile

## Bullish Signals:

- The price is at a discount of 17.9% to the 1-month volume weighted average price of US\$14.10, which may appeal as a value proposition.
- The price is below the lower Bollinger band of US\$12.09; the stock is also oversold according to the Williams % R indicator of -99.1.

## Other Bullish Signals:

## Trailing 3 months

Turnover	US\$44.4 million
Volume	3,238,062
Volume Index (1 is avg)	0.5

## MCap: A Historical Perspective

	Share Price (USD)	Market Cap (US\$)
Last	11.6	259.2 million

## Activities

Tokai Pharmaceuticals Inc is a clinical-stage biopharmaceutical company focused on developing novel proprietary therapies for the treatment of prostate cancer and other hormonally-driven diseases.

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

Industry Group	Pharmaceuticals
Industry	Pharmaceuticals
Economic Sector	Healthcare
Business Sector	Pharmaceuticals & Medical Research

## Regulatory Announcements

### Key Developments

#### March 16: Tokai Pharmaceuticals Announces Expansion to Collaboration with Qiagen on the Development of an AR-V7 Companion Diagnostic

[News Story] CAMBRIDGE, Mass. Tokai Pharmaceuticals, Inc. (NASDAQ:TKAI), a clinical-stage biopharmaceutical company focused on developing novel therapies for prostate cancer and other hormonally driven diseases, today announced an expansion of the agreement with Qiagen (NASDAQ: QGEN; Frankfurt Prime Standard: QIA) for the development and commercialization of an AR-V7 companion diagnostic for use with galeterone.

Under the expanded agreement, Tokai will receive the exclusive right from Qiagen to its newly acquired circulating tumor cell (CTC) enrichment technology for use with galeterone, which will be incorporated into the companion diagnostic already under development by Qiagen.

"We are pleased to be expanding our partnership with Qiagen with exclusive access to their newly acquired CTC enrichment technology for use with the AR-V7 companion diagnostic for galeterone," stated Jodie Morrison, president and chief executive officer of Tokai Pharmaceuticals. [For more details click here.](#)

#### March 12: Tokai Pharmaceuticals Reports Fourth Quarter and Full Year 2014 Financial Results

[News Story] Tokai Pharmaceuticals, Inc. (NASDAQ:TKAI), a clinical-stage biopharmaceutical company focused on developing novel therapies for prostate cancer and other hormonally driven diseases, today reported company highlights and financial results for the quarter and year ended December 31, 2014.

"We are excited by the recent heightened attention on AR-V7 in prostate cancer and interest in our ARMOR3-SV galeterone registration trial at the 2015 Genitourinary Cancers Symposium (ASCO-GU)," stated Jodie Morrison, president and chief executive officer of Tokai Pharmaceuticals. [For more details click here.](#)

### Conferences/Exhibitions

#### March 03: Events Calendar: Tokai Pharmaceuticals to Present at the Cowen and Company 35th Annual Health Care Conference

[News Story] CAMBRIDGE, Mass.-- Tokai Pharmaceuticals, Inc. (NASDAQ:TKAI), a clinical-stage biopharmaceutical company focused on developing novel therapies for prostate cancer and other hormonally driven diseases, today announced that Jodie Morrison, President and Chief Executive Officer, will provide a company overview at the Cowen and Company 35th Annual Health Care Conference in Boston, MA on Wednesday, March 4 at 8am ET.

Live webcast of these presentations can be accessed under the "Calendar of Events" page within the Investors & Media section of the company's website at [www.tokaipharma.com](http://www.tokaipharma.com). [For more details click here.](#)

## February 26: Tokai Pharmaceuticals Announces Presentations at the 2015 Genitourinary Cancers Symposium

[News Story] CAMBRIDGE, Mass.--(BUSINESS WIRE)-- Tokai Pharmaceuticals, Inc. (NASDAQ:TKAI), a clinical-stage biopharmaceutical company focused on developing novel therapies for prostate cancer and other hormonally driven diseases, today announced the supporting of a CME course discussing AR-V7 in prostate cancer and a poster presentation of the design and rationale for ARMOR3-SV, the planned pivotal Phase 3 trial of galeterone in AR-V7 positive castrate-resistant prostate cancer (CRPC) patients, at the 2015 Genitourinary Cancers Symposium (ASCO GU) in Orlando, Florida.

Data and Perspectives: Clinical Investigators Review Key Publications and Current Cases in Advanced Prostate Cancer (Thursday, February 26, 2015; 7-9pm; Rosen Shingle Creek, Panzacola H, Level 1) Abstract 259: Androgen Receptor Modulation Optimized for Response in Splice Variant (ARMOR3-SV): A Randomized, Open-Label, Multicenter, Controlled Study of Galeterone Compared with Enzalutamide in Men Expressing Androgen Receptor Splice Variant-7 mRNA (AR-V7) Metastatic (M1) Castrate-Resistant Prostate Cancer (CRPC) (Board #D2, Gatlin Ballroom B; Friday, February 27, 2015; 12:15-1:45pm, 6-7pm) "We are pleased to present ARMOR3-SV protocol details as well as supportive data that provides the rationale for galeterone as a treatment for the AR-V7 positive patient population," stated Jodie Morrison, President and Chief Executive Officer of Tokai Pharmaceuticals.

[For more details click here.](#)

## January 12: Tokai Pharmaceuticals Provides Companion Diagnostic Update

[News Story] Tokai Pharmaceuticals, Inc. (NASDAQ:TKAI), today announced that it has entered into an agreement with the Johns Hopkins University related to the development of a companion diagnostic to determine the AR-V7 status of patients with castration-resistant prostate cancer (CRPC) for use with the Company's lead product, galeterone, which is in development for the treatment of AR-V7 positive metastatic CRPC.

Under the agreement, the Company has obtained an exclusive, worldwide license from the Johns Hopkins University to patent applications and know-how covering an assay that has been used to determine the AR-V7 status of prostate cancer patients.

AR-V7 positive prostate tumors express a truncated form of the androgen receptor (AR).

[For more details click here.](#)

## Board and Management

### January 09: Tokai Pharmaceuticals Inc appoints Director

Tokai Pharmaceuticals Inc has appointed Stephen Buckley, Jr. as a Director. The effective date is January 09, 2015.

## November 19 2014: Tokai Pharmaceuticals Presents Updated Interim Galeterone ARMOR2 Data Showing Activity in Patients with Castration-Resistant Prostate Cancer (CRPC) Including Those Showing a Variant Form of Prostate Cancer Resistant to Hormone Therapy

[News Story] CAMBRIDGE, Mass. & BARCELONA, Spain Tokai Pharmaceuticals, Inc. (NASDAQ:TKAI) today announced updated interim results from its ongoing ARMOR2 Phase 2 clinical trial of galeterone in castration-resistant prostate cancer (CRPC) patients. These interim results from the trial support the potential of galeterone to treat CRPC expressing androgen receptor (AR) splice variants, including AR-V7.

[For more details click here.](#)

## 8-K other news

### March 19: Tokai Pharmaceuticals Inc: Entry into a Material Definitive Agreement

[News Story]

[http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=\\_Archives\\_edgar\\_data\\_1404281\\_000119312515098757\\_0001193125-15-098757.txt](http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1404281_000119312515098757_0001193125-15-098757.txt)

Source: 8-K United States Securities and Exchange Commission

### March 18: Tokai Pharmaceuticals Inc: Results of Operations and Financial Condition

[News Story]

[http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=\\_Archives\\_edgar\\_data\\_1404281\\_000119312515097021\\_0001193125-15-097021.txt](http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1404281_000119312515097021_0001193125-15-097021.txt)

Source: 8-K United States Securities and Exchange Commission

### March 05: Tokai Pharmaceuticals Inc: Entry into a Material Definitive Agreement

[News Story]

[http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=\\_Archives\\_edgar\\_data\\_1404281\\_000119312515078814\\_0001193125-15-078814.txt](http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1404281_000119312515078814_0001193125-15-078814.txt)

Source: 8-K United States Securities and Exchange Commission

### January 15: Tokai Pharmaceuticals Inc: Entry into a Material Definitive Agreement

[News Story]

[http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=\\_Archives\\_edgar\\_data\\_1404281\\_000119312515011923\\_0001193125-15-011923.txt](http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1404281_000119312515011923_0001193125-15-011923.txt)

Source: 8-K United States Securities and Exchange Commission

### November 10: Tokai Pharmaceuticals Inc: Results of Operations and Financial Condition

[News Story]

[http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=\\_Archives\\_edgar\\_data\\_1404281\\_000119312514406136\\_0001193125-14-406136.txt](http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1404281_000119312514406136_0001193125-14-406136.txt)

Source: 8-K United States Securities and Exchange Commission

## October 09: Tokai Pharmaceuticals Inc: Other Events

[News Story]

[http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=\\_Archives\\_edgar\\_data\\_1404281\\_000119312514367903\\_0001193125-14-367903.txt](http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1404281_000119312514367903_0001193125-14-367903.txt)

Source: 8-K United States Securities and Exchange Commission

## September 26: Tokai Pharmaceuticals Inc: Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year

[News Story]

[http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=\\_Archives\\_edgar\\_data\\_1404281\\_000119312514354857\\_0001193125-14-354857.txt](http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1404281_000119312514354857_0001193125-14-354857.txt)

Source: 8-K United States Securities and Exchange Commission

## Issued Capital

Based on 22,381,742 issued equity shares the market capitalisation is US\$259.2 million.

The top sixteen shareholders hold 15.8% of the issued capital leaving a float of 84.2%.

## Top 10 Shareholders

Name of Shareholder	No. of Shares	% Held
Novo A/S	1,178,992	5.27
Kingdon Capital Management L.L.C.	567,978	2.54
Perceptive Advisors Llc	485,338	2.17
Discovery Capital Management Llc / Ct	304,000	1.36
Redmile Group Llc	215,139	0.96
Ameriprise Financial Inc	178,895	0.8
Vanguard Group Inc	158,356	0.71
Awm Investment Company Inc.	100,000	0.45
Deutsche Bank Ag\	93,954	0.42
Dsc Advisors L.P.	67,504	0.3
<b>Total</b>	<b>3,350,156</b>	<b>14.97</b>



## Recent Analyst Recommendations

Date	Brokerage	Action	Past Rating	Current Rating	Prev Target	Price Target
09-Jan-2015	Janney Montgomery Scott	Initiated Coverage	-	Buy	-	18

## Board and Management

**Seth L. Harrison**  
Chairman & Director

**Stephen Buckley, Jr.**  
Director

Mr. Buckley spent 25 years as a partner of Ernst & Young LLP, where he led assurance and advisory teams serving public and private companies in life sciences and other technologies. Mr. Buckley ran Ernst & Young's Life Sciences Industry Practice of New England from 1991 to 2006, and was director of its New England Entrepreneurial Services Group from 1991 to 2001. He was previously a partner in the Boston, Massachusetts office of Arthur Young until its merger into Ernst & Young in 1989. Mr. Buckley is a member of the American Institute of CPAs. Mr. Buckley serves on the board of directors of Enanta Pharmaceuticals, Inc. and Mevion Medical Systems, Inc. Mr. Buckley received an A.B. from Bowdoin College and a Masters of Science in Accounting from Northeastern University.

**Creation of shareholder value in Tokai Pharmaceuticals Inc:**

Since appointment as Director: The present value of USD1,000 invested on the appointment date of January 09, 2015 at close price of US\$14.43 is US\$802, for a capital loss of US\$198.

## Financial Results (Annual)

31 December, 2014

### Annual Report: Tokai Pharmaceuticals Inc (NASDAQ:TKAI) \$US23.3m loss

#### Highlights

#### Major Common Size Ratios:

- Total current assets to Total Assets up from 99.7% to 99.8%
- Cash to Total Assets down from 98.3% to 97.7%

#### Favourable Changes:

- EPS continued to be negative like in the previous year; however, there was an improvement from \$US-38.02 in the previous year to \$US-3.6
- Current ratio up 73.9% to 25.3
- Working capital to total assets up 3.3% to 95.8%

#### Unfavourable Changes:

- Loss of \$US23.3m
- Operating Cash Flow is negative

Annual

Company Name : Tokai Pharmaceuticals Inc. (TKAI)

December 31 Description	2014 \$US ('000)	2013 \$US ('000)	Change (%)
Profit/(Loss) after Tax	(23,296.0)	(15,819.0)	deterioration 47.3
Current Liabilities	4,243.0	2,209.0	up 92.1
Total Liabilities	4,243.0	2,209.0	up 92.1
Operating Cash Flow	(21,121.0)	(15,476.0)	deterioration 36.5
<b>Performance Ratios</b>			
Return on Equity (%)	(22.5)	na	na
Return on Assets (%)	(21.6)	(49.0)	reduced 55.9
Total Liabilities to Operating Cash Flow	(0.2)	(0.1)	deterioration 42.9
Current Ratio	25.3	14.6	up 73.9
<b>Common Size Ratios by Assets</b>			
Total current assets to Total Assets (%)	99.8	99.7	Up 0.1
Cash to Total Assets (%)	97.7	98.3	Down 0.7
<b>Per Share figures</b>			
Cash	\$US16.3	\$US76.3	down 78.7
Working Capital	\$US16.0	\$US72.0	down 77.8
Total Liabilities	65.6 U.S. cents	531.0 U.S. cents	down 87.6
Total Assets	\$US16.7	\$US77.6	down 78.5
EPS Final	(\$US3.6)	(\$US38.0)	reduced 90.5
Auditor	PricewaterhouseCoopers LLP		



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