

Versartis (VSAR : US\$20.43)

Versartis sinks 9% in 2015

Versartis Inc, NASDAQ's 11th largest biotechnology company by market cap, has now sank US\$1.90 (or 8.5%) year to date in 2015 to close at US\$20.43. The volume YTD has been 1.2 times average trading of 107,323 shares. Compared with the NASDAQ-100 Index which has risen 4.0% YTD, this represents a relative price change of -12.5%. In 2015 the market cap has declined US\$46 million.

Introduction

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

What makes us 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 price to 200-day MAP ratio is 0.63, a bearish indicator.
- It has underperformed 53.07% of the market the past 6 months.

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

- "Current ratio of two or more"; current assets are 3.6 times current liabilities.

Stock Summary

Sector	Biotechnology
Market Cap	US\$494.3 million
Shares Outstanding	24,194,808
ISIN	US92529L1026
Relative Strength (3 mo)	84

Financial Summary

Year ended	Dec 2013	Dec 2012	Dec 2011
Pretax (USD)	(18.5M)	(13.22M)	(7.17M)
Net (USD)	(18.5M)	(13.22M)	(7.17M)
EPS (USD)	(0.8)	(0.57)	(0.31)

MCap: A Historical Perspective

	Share Price (USD)	Market Cap (US\$)
Last	20.4	494.3 million

Analysis

Bearish Signals

- The price is at a premium of 11.6% to the 1-month volume weighted average price of US\$18.30. Given that this premium has been under 11.6% two hundred twelve times and over 11.6% sixteen times in the last year, the downside:upside probability is estimated at 212:16 or 13.2:1.
- In the NASDAQ market of 2,420 stocks traded today, the stock has a 6-month relative strength of 47 which means it has underperformed 53.0% of the market.
- The price to 200-day MAP ratio is 0.63, a bearish indicator. In the past 200 days this ratio has been under 0.63 54 times suggesting further downside. The 200-day MAP has decreased to US\$32.32. A decrease is another bearish indicator.
- The Stochastic indicator of 86.2 has broken through the overbought line of 80.
- In the NASDAQ Short Selling market of 2407 stocks, short selling as a % of issued shares ranked 383rd 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 1.4 times its own historical average of 0.6%.

Other Bearish Signals:

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

Improvement in current ratio from 0.3 to 3.6; Total shares on issue unchanged.

Bearish Indicators and Rank in Market:

Description	Value	Rank In Market
Volatility %	7.2	In Bottom Quartile
Price/MAP200	0.63	In Bottom 8%
Price Change %	-4.7	In Bottom 5%
Price/MAP50	0.5	In Bottom 5%
Price to Book Value	48.4	In Bottom 1%

Note

Neutral Indicators and Rank in Market:

Description	Value	Rank In Market
MCap	US\$494.3 million	In 2nd Quartile
Turnover in Quarter	US\$157.6 million	In 2nd Quartile

Bullish Signals:

- The Moving Average Convergence Divergence (MACD) indicator of 12-day Exponential Moving Average (EMA) of 20.13 minus the 26-day EMA of 19.58 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 0.63 for VSAR is higher than the Price/MAP for the NASDAQ-100 Index of 0.6.

Other Bullish Signals:

Also, the following criteria set by Benjamin Graham:

- "Current ratio of two or more"; current assets are 3.6 times current liabilities.

Bullish Indicators and Rank in Market:

Description	Value	Rank In Market
%Prem To Vol Wtd Price	11.6	In Top Quartile

Short Selling to MCap

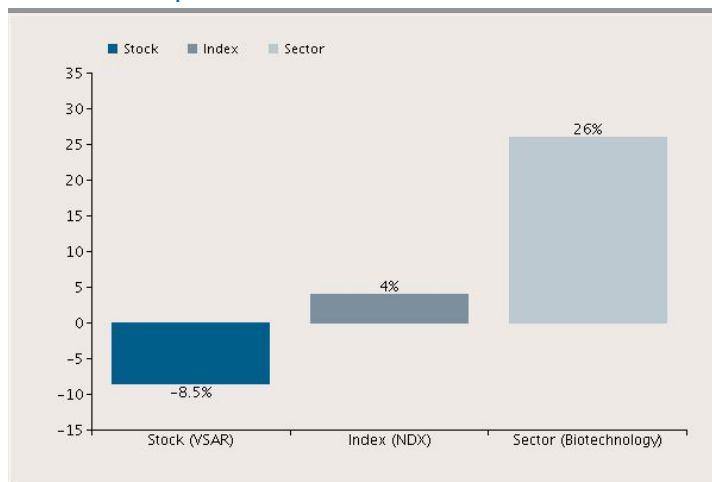


Analysis (continued)

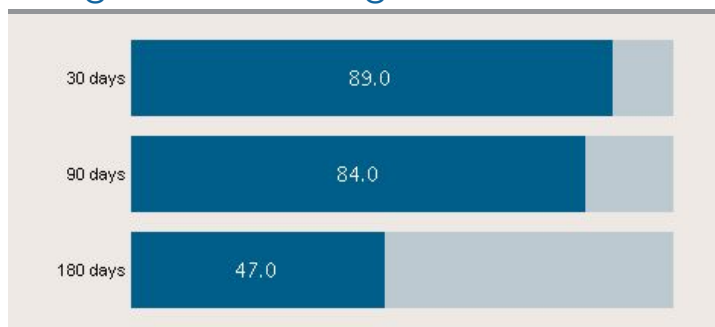
Insider Trades



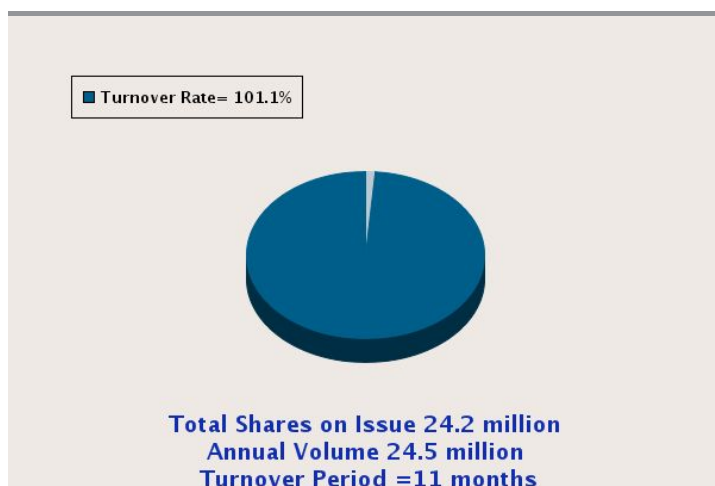
YTD Comparison Stock Sector Index



Rising Relative Strength



Turnover Rate & Turnover Period



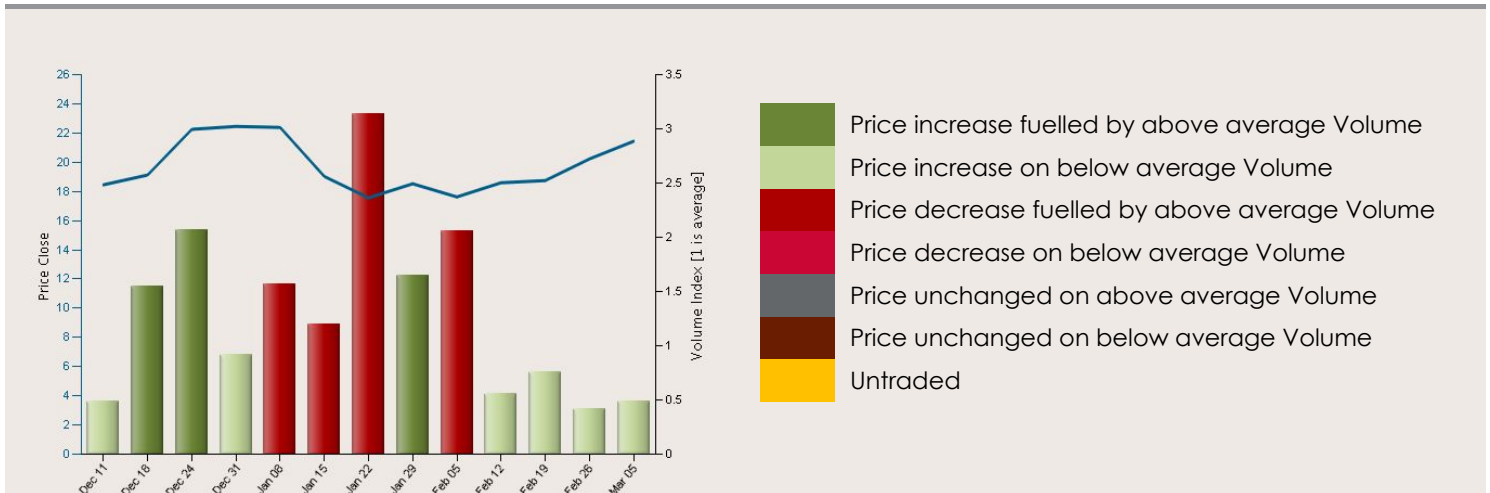
Trailing 3 months

Turnover	US\$157.6 million
Volume	8,113,393
Volume Index (1 is avg)	1.2

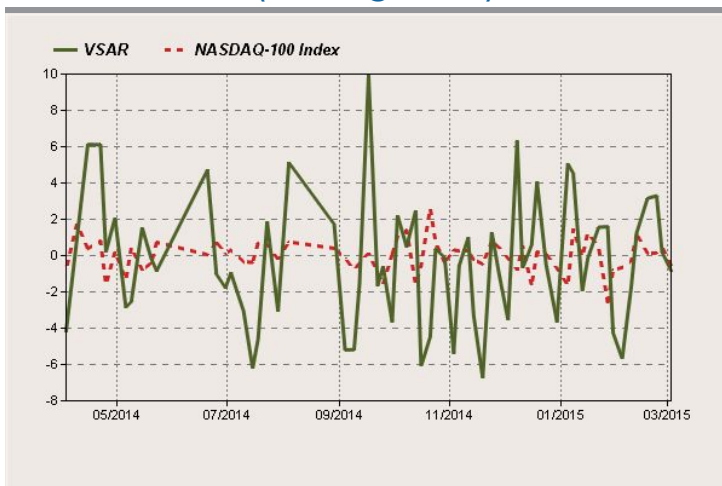
Price Volume Trend: Trailing Quarter



Weekly Price Volume Dynamics (Last 12 Weeks)



Stock v Index (Trailing Year)



Price/Moving Average Price [P/MAP]



Recent Analyst Recommendations

Date	Brokerage	Action	Past Rating	Current Rating	Prev Target	Price Target
17-Feb-2015	Canaccord Genuity	Set Price Target	-	Buy	-	45

Reported Buying and Selling by Insiders

Insider	Date	Transaction Type	No. of Shares	Price, US\$	Value, US\$
Cleland Jeffrey L	Mar 03, 2015	Sold	1,129	20.07	22,658
Westberg Paul	Mar 03, 2015	Sold	2,400	20.03	48,070
Cleland Jeffrey L	Mar 02, 2015	Sold	2,871	20.11	57,748
Cleland Jeffrey L	Feb 25, 2015	Sold	8,000	20.25	161,977
Westberg Paul	Feb 03, 2015	Sold	5,000	17.4	86,985
Sun Anthony Y	Jan 27, 2015	Bought	145,000	17.25	2,501,250
Greer R Scott	Jan 27, 2015	Bought	5,500	17.25	94,875
Malik Shahzad	Jan 22, 2015	Bought	55,000	17.25	948,750
Cleland Jeffrey L	Jan 12, 2015	Sold	4,000	22.85	91,418
Cleland Jeffrey L	Jan 05, 2015	Sold	4,000	21.94	87,741

Company Overview

Activities

Versartis Inc. operates as a biotechnology company. The Company develops therapeutic proteins for the treatment of metabolic diseases and endocrine disorders. Versartis serves patients throughout the United States.

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

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

Regulatory Announcements

Conferences/Exhibitions

March 04: Events Calendar: Versartis to Present at the Barclays Global Healthcare Conference

MENLO PARK, Calif., March 4, 2015 (GLOBE NEWSWIRE) -- Versartis, Inc. (Nasdaq:VSAR), an endocrine-focused biopharmaceutical company that is developing a novel, long-acting form of recombinant human growth hormone (rhGH), today announced that Jeffrey L. Cleland, PhD, Chief Executive Officer, is scheduled to present at the Barclays Global Healthcare Conference on Thursday, March 12, 2015 at the Loews Miami Beach Hotel in Miami, Florida.

Event: Barclays Global Healthcare Conference

Date: Thursday, March 12, 2015

Time: 9:00 a.m.

[For more details click here.](#)

Conferences/Exhibitions

February 24: Events Calendar: Versartis to Present at the Cowen and Company 35th Annual Health Care Conference

[News Story] MENLO PARK, Calif., Feb. 23, 2015 -- Versartis, Inc. (Nasdaq:VSAR), an endocrine-focused biopharmaceutical company that is developing a novel, long-acting form of recombinant human growth hormone (rhGH), today announced that Jeffrey L. Cleland, PhD, Chief Executive Officer, is scheduled to present at the Cowen and Company 35th Annual Health Care Conference on Tuesday, March 3, 2015 at The Boston Marriott Copley Place in Boston, Massachusetts.

Event: Cowen and Company 35th Annual Health Care Conference

Date: Tuesday, March 3, 2015

Time: 11:20 a.m.

[For more details click here.](#)

Financial Results

February 12: Versartis Reports Fourth Quarter and Full Year 2014 Financial Results

[News Story] MENLO PARK, Calif., Feb. 12, 2015 Versartis, Inc. (Nasdaq:VSAR), an endocrine-focused biopharmaceutical company that is developing a novel, long-acting form of recombinant human growth hormone (rhGH), today announced financial results for the fourth quarter and full year ended December 31, 2014.

"We continue to advance our clinical development strategy, most significantly by the recent initiation of the global Phase 3 VELOCITY trial of VRS-317 for semi-monthly dosing in pediatric growth hormone deficiency (GHD) patients," said Jeffrey L.

[For more details click here.](#)

Conferences/Exhibitions

February 02: Versartis to Present at the 2015 BIO CEO & Investor Conference

[News Story] MENLO PARK, Calif., Feb. 2, 2015 Versartis, Inc. (Nasdaq:VSAR), an endocrine-focused biopharmaceutical company that is developing a novel, long-acting form of recombinant human growth hormone (rhGH), today announced that Jeffrey L. Cleland, PhD, Chief Executive Officer, is scheduled to present at the 2015 BIO CEO & Investor Conference on Tuesday, February 10, 2015 at The Waldorf Astoria in New York City.

Event: 2015 BIO CEO & Investor Conference

Date: Tuesday, February 10, 2015

Time: 9:00 a.m.

[For more details click here.](#)

Company Overview (continued)

January 22: Versartis Announces Pricing of Follow-On Offering

[News Story] MENLO PARK, Calif., Jan. 21, 2015 - Versartis, Inc. (Nasdaq:VSAR), an endocrine-focused biopharmaceutical company, today announced the pricing of an underwritten public offering of 4,347,826 shares of its common stock at a price to the public of \$17.25 per share. In addition, Versartis has granted the underwriters a 30-day option to purchase up to 652,173 additional shares of common stock.

[For more details click here.](#)

January 20: Versartis Announces Proposed Offering of Common Stock

[News Story] Versartis, Inc. (Nasdaq:VSAR), an endocrine-focused biopharmaceutical company, today announced that it has commenced an underwritten public offering of shares of its common stock and expects to raise gross proceeds of approximately \$75,000,000. The Company expects to grant the underwriters a 30-day option to purchase up to an additional 15 percent of the number of shares of common stock sold in connection with the offering.

[For more details click here.](#)

January 08: Versartis Initiates Global Phase 3 Study of VRS-317 in Children With Growth Hormone Deficiency

[News Story]

The VELOCITY Study Begins for Long-Acting Recombinant Human Growth Hormone in GHD Pediatric Patients

MENLO PARK, Calif., Jan. 8, 2015 - Versartis, Inc. (Nasdaq:VSAR), an endocrine-focused biopharmaceutical company that is developing a novel, long-acting form of recombinant human growth hormone (rhGH), today announced the initiation of its Phase 3 study of VRS-317 for semi-monthly dosing in children with growth hormone deficiency (GHD).

[For more details click here.](#)

8-K other news

February 13: Versartis: Results of Operations and Financial Condition

[News Story]

http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1513818_000156459015000674_0001564590-15-000674.txt

Source: 8-K United States Securities and Exchange Commission

January 09: Versartis: Results of Operations and Financial Condition

[News Story]

http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1513818_000119312515006565_0001193125-15-006565.txt

Source: 8-K United States Securities and Exchange Commission

January 05: Versartis: Other Events

[News Story]

http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1513818_000156459015000015_0001564590-15-000015.txt

Source: 8-K United States Securities and Exchange Commission

November 06: Versartis: Results of Operations and Financial Condition

[News Story]

http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1513818_000156459014005167_0001564590-14-005167.txt

Source: 8-K United States Securities and Exchange Commission

September 22: Versartis: Regulation FD Disclosure

[News Story]

http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1513818_000119312514347606_0001193125-14-347606.txt

Source: 8-K United States Securities and Exchange Commission

August 05: Versartis: Results of Operations and Financial Condition

[News Story]

http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1513818_000119312514295876_0001193125-14-295876.txt

Source: 8-K United States Securities and Exchange Commission

Issued Capital

Based on 24,194,808 issued equity shares the market capitalisation is US\$494.3 million.

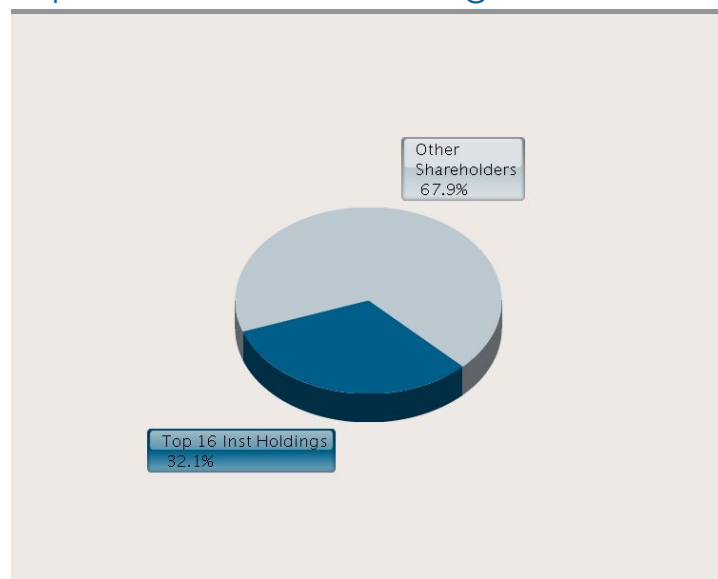
The top sixteen shareholders hold 32.1% of the issued capital leaving a float of 67.9%.

Company Overview (continued)

Top 10 Shareholders

Name of Shareholder	No. of Shares	% Held
Fmr Llc	3,629,221	15
Baker Bros. Advisors Lp	1,246,089	5.15
Healthcor Management L.P.	750,000	3.1
Jpmorgan Chase & Co	552,305	2.28
Perceptive Advisors Llc	487,262	2.01
Federated Investors Inc /Pa/	361,488	1.49
Goldman Sachs Group Inc	197,215	0.82
Vanguard Group Inc	150,493	0.62
Rock Springs Capital Management Lp	124,255	0.51
State Street Corp	65,382	0.27
Total	7,563,710	31.26

Top 16 Institutional Holdings



Board and Management

Jeffrey L. Cleland
CEO & Director



Jeff has 20 years of industry experience in research and development, including more than a decade at Genentech, Inc. He held executive management positions at BaroFold, Novacea and Targesome, and has managed directly all aspects of pharmaceutical development and late-stage research. His experience in startups includes major roles in obtaining more than \$70M of Series A through C venture capital as well as an exit via IPO. Jeff also runs his own pharmaceutical and biotechnology consulting group for numerous startups and venture firms. While at Genentech, Jeff served in product development and manufacturing roles. He held important leadership roles in the successful approval of two drugs, Herceptin(Registered) and Nutropin Depot(Registered), as well as in early work on Lucentis(Registered), Avastin(Registered), and Omnitarg(Registered). He holds a BS in Chemical Engineering from the University of California, Davis and a PhD in Chemical Engineering from the Massachusetts Institute of Technology. Jeff has authored more than 100 articles and 4 books, and holds several issued patents.

Jay Shepard
Executive Chairman



Jay Shepard currently serves as an Executive Partner at Sofinnova Ventures. He has over 30 years experience in the pharmaceutical, biotechnology and drug delivery arenas. Jay was President and CEO of NextWave Pharmaceutical, a pediatric-focused therapeutics company. NextWave was acquired in late 2012 by Pfizer. From 2008-2010 he was an Executive in Residence at Sofinnova Ventures. Prior to that, Jay was President and CEO of Ilypsa, a nephrology therapeutics company acquired by Amgen. He then helped with the Ilypsa spin-out company, Relypsa, serving as interim President and CEO. Before Ilypsa, Jay served as Vice President, Commercial Operations at Telik. He was also Vice President in the Commercial Operations group at Alza Pharmaceuticals, having held leadership roles of increasing responsibility in its establishment, operation and commercial presence. Alza was acquired by Johnson & Johnson in late 2001. Jay is currently a board member of Bullet Biotechnologies, Marinus Pharmaceuticals, Durect Corporation and the Santa Clara University Entrepreneurial School. Jay holds a BS in Business Administration from the University of Arizona.

Joshua T. Brumm
CFO



Josh has more than a decade of operations, corporate finance and investment banking experience in the life science industry. He was most recently Executive Vice President of Finance and Principal Financial Officer for Pharmacocyclics Inc., a NASDAQ-listed biopharmaceutical company. Previously as Chief Financial Officer at ZELTIQ Aesthetics, Inc., a NASDAQ-listed medical technology company, Josh held a number of operational and financial positions including strategic planning, global finance, IT and administration. As Vice President of Corporate Development and Investor Relations, Josh led the company's successful \$105 million initial public offering. Also at ZELTIQ as Senior Managing Director of International Sales and Corporate Development, he led the launch of its first commercial product in all markets outside of the United States and Canada. Prior to joining ZELTIQ, Josh was Director of Finance at Proteolix, Inc., helping in the sale of the company to Onyx Pharmaceuticals; he was a member of the West Coast Healthcare Team at Citigroup Global Markets, Inc.; and he was Founder and Chief Executive Officer of Nu-Ag Distribution, LLC, an agricultural consulting company. Josh began his career as a Healthcare Investment Banking Analyst for the West Coast Healthcare Team at Morgan Stanley. He holds a BA in Business Administration from the University of Notre Dame.

Board and Management (continued)

Ed Jennings
Director



Ed Jennings, a biotechnology industry consultant, had a key leadership role in Genentech's commercialization of the first recombinant human growth hormone. During his 15 years at Genentech he also held a number of senior-level positions including Vice President of Sales, Marketing, and Corporate Development. Most recently, Ed served as President, Chief Executive Officer and Board Member of Angiogenix, Inc., directing all scientific and business activities at the cardiovascular biotechnology startup company. Previously, he was the Chief Commercialization Officer at Pain Therapeutics, where he was responsible for the company's business development, marketing and sales functions, as well as leading the development of the company's commercialization strategy. Ed began his career in the pharmaceutical industry at Bristol Myers, where he managed sales and marketing functions for more than a decade.

Paul Westberg
Senior Vice President-
Corporate Development



Paul joined Versartis from Bayhill Therapeutics, where he was the Vice President of Business Development responsible for the company's licensing activities and was a key contributor to its private equity fundraisings, IPO preparations, and operational activities. Most notably, Paul led and closed a transformational \$350M+ licensing deal with Genentech/Roche for Bayhill's novel Phase 1/2 program in type 1 diabetes. Prior to Bayhill, Paul was the Vice President of Business Development at Novacea, where he was responsible for closing multiple transactions including the in-licensing of two clinical-stage oncology products. In addition, he was a key contributor to Novacea's successful fundraising efforts, which resulted in approximately \$100M from private equity financings and IPO. Previously, Paul held managerial positions at Deltagen, Collabra Pharma and Aviron, where he was responsible for establishing transactional, business development and financial planning operations, respectively. Earlier, Paul held positions of increasing responsibility at Genentech, including Manager, Project Finance and Manager, Financial Planning and Analysis. He began his career advising clients on product and company valuation, technology assessment and commercialization issues. Paul holds an MBA from the Haas School of Business at the University of California, Berkeley and a BA in Applied Mathematics from the University of California, San Diego.

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