

## Sage Therapeutics (SAGE : US\$37.0)

### Sage Therapeutics jumps 32% in 2014, outperforming 84% of the market

Sage Therapeutics Inc, NASDAQ's 10th largest healthcare-products company by market cap, has now jumped US\$9.01 (or 32.2%) year to date in 2014 to close at US\$37.0. This gain means the stock has outperformed 84% of NASDAQ-listed stocks in 2014. The volume YTD has been 0.4 times average trading of 66,569 shares. Compared with the NASDAQ-100 Index which has risen 20.2% YTD, this represents a relative price increase of 12%. In 2014 the market cap has jumped US\$252.7 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:**

- The price to 200-day MAP ratio is 1.08, a bullish indicator.
- In the last three months the number of rises outnumbered falls 34:29 or 1.2:1.

### Stock Summary

Sector	Healthcare-Products
Market Cap	US\$951.3 million
Shares Outstanding	25,711,926
ISIN	US78667J1088
Relative Strength (3 mo)	86

### MCap: A Historical Perspective

	Share Price (USD)	Market Cap (US\$)
Last	37.0	951.3 million

### Bullish Signals

- The price is at a discount of 6.0% to the 1-month volume weighted average price of US\$39.35, which may appeal as a value proposition.
- Rises to Falls: In the last three months the number of rises

- The Price/MAP of 1.08 for SAGE is higher than the Price/MAP for the NASDAQ-100 Index of 0.9.
- The price to 200-day MAP ratio is 1.08, a bullish indicator. The 50-day MAP of US\$57.61 is higher than the 200-day MAP of US\$34.18, a bullish indicator. The 200-day MAP has increased to US\$34.18. An increase is another bullish indicator.

### 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
Price Change %	0.8	In Top Quartile

### Bearish Signals

- In the last 5 trading sessions there has been a net decline of 2.01%; the stock has retreated ten times and the biggest one day decline was 7.9% on Dec 12.
- The Moving Average Convergence Divergence (MACD) indicator of 12-day Exponential Moving Average (EMA) of 38.32 minus the 26-day EMA of 38.37 is negative suggesting a bearish signal. Both the 12-day EMA as well as the 26-day EMA are falling, another bearish signal.
- The current short volume is 2.1 times its own historical average of 0.1%. It soared 30.3% from the previous day, jumped 9.7% from a week ago and soared 43.5% from a month ago, a significant bearish indicator.

### 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 2 to 3.6.

### Bearish Indicators and Rank in Market:

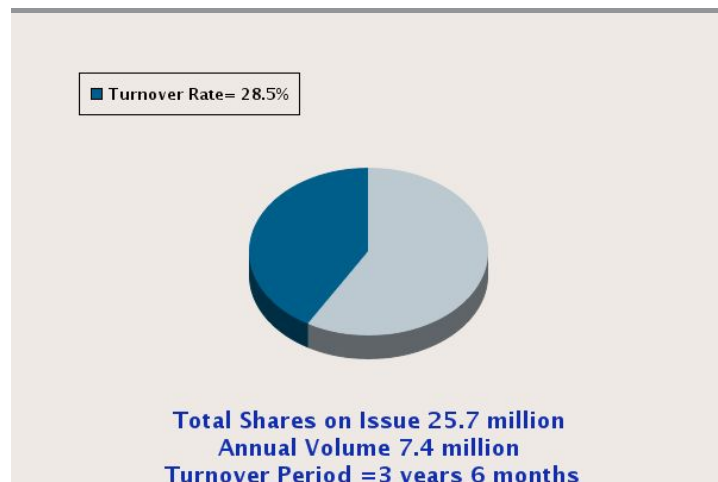
Description	Value	Rank In Market
Price/MAP50	0.64	In Bottom Quartile
Volatility %	8.7	In Bottom 9%

### Note

### Neutral Indicators and Rank in Market:

Description	Value	Rank In Market
MCap	US\$951.3 million	In 2nd Quartile
Turnover in Quarter	US\$185 million	In 3rd Quartile

## Turnover Rate & Turnover Period



## Trailing 3 months

Turnover	US\$185 million
Volume	4,941,162
Volume Index (1 is avg)	1.2

## MCap: A Historical Perspective

	Share Price (USD)	Market Cap (US\$)
Last	37.0	951.3 million

## Activities

Sage Therapeutics Inc. develops treatments for central nervous system disorders. The Company provides treatments for schizophrenia, major depressive disorder, pain, and traumatic brain injury conditions. Sage Therapeutics operates in the United States.

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

Economic Sector	Healthcare
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## Regulatory Announcements

### Financial Results

#### November 11 2014: SAGE Therapeutics Reports Third Quarter 2014 Results

[News Story] CAMBRIDGE, Mass., Nov. 11, 2014 SAGE Therapeutics (Nasdaq:SAGE), a clinical-stage biopharmaceutical company developing novel medicines to treat life-threatening, rare central nervous system (CNS) disorders, today reported pipeline updates and reported business and financial results for the quarter ended Sept.

[For more details click here.](#)

#### November 10 2014: SAGE Therapeutics Reports Positive Top-Line Phase 2 Data of SAGE-547 in Patients With Super-Refractory Status Epilepticus

[News Story] CAMBRIDGE, Mass., Nov. 10, 2014 SAGE Therapeutics (Nasdaq:SAGE) today announced that in a Phase 1/2 clinical trial of SAGE-547, an allosteric modulator of both synaptic and extra-synaptic GABAA receptors, all primary and secondary endpoint targets were achieved in patients with super-refractory status epilepticus (SRSE), a critical condition in which the brain is in a state of persistent seizure.

[For more details click here.](#)

#### November 07 2014: SAGE Therapeutics Announces Six Scientific Presentations at Neuroscience 2014, the Society for Neuroscience's 44th Annual Meeting

[News Story] CAMBRIDGE, Mass., Nov. 7, 2014 -- SAGE Therapeutics (Nasdaq:SAGE), a clinical-stage biopharmaceutical company developing novel medicines to treat life-threatening, rare central nervous system (CNS) disorders, today announced that six abstracts have been accepted for poster presentations at Neuroscience 2014, the Society for Neuroscience's 44th Annual Meeting.

[For more details click here.](#)

### Conferences/Exhibitions

#### November 05 2014: SAGE to Present at Credit Suisse 23rd Annual Healthcare Conference

[News Story] CAMBRIDGE, Mass., Nov. 5, 2014 -- SAGE Therapeutics (Nasdaq:SAGE), a clinical-stage biopharmaceutical company developing novel medicines to treat life-threatening, rare central nervous system (CNS) disorders, today announced that Jeffrey Jonas, M.D., chief executive officer of the company, is scheduled to present a corporate overview and update at the Credit Suisse 23rd Annual Healthcare Conference at 7:30 a.m.

[For more details click here.](#)

#### September 25 2014: SAGE Therapeutics to Participate in the 2014 Leerink Partners Rare Disease Roundtable

[News Story] CAMBRIDGE, Mass., Sept. 25, 2014 SAGE Therapeutics (Nasdaq:SAGE), a clinical-stage biopharmaceutical company developing novel medicines to treat life-threatening, rare central nervous system (CNS) disorders, today announced management will participate in the 2014 Leerink Partners Rare Disease Roundtable on Wednesday, October 1 at Le Parker Meridien Hotel in New York City.

### Board and Management

#### September 16 2014: SAGE Therapeutics Appoints Michael F. Cola to the Company's Board of Directors

CAMBRIDGE, Mass., Sept. 16, 2014 SAGE Therapeutics (Nasdaq:SAGE), a clinical-stage biopharmaceutical company developing novel medicines to treat life-threatening, rare central nervous system (CNS) disorders, today announced the appointment of Michael F. Cola to the company's board of directors.

"At this very exciting stage of development for SAGE, we welcome Mike's strategic thinking and foresight as we shape our portfolio of second-generation neurosteroids with the goal of ultimately delivering these new product candidates to patients and their families," said Jeff Jonas, M.D., chief executive officer of SAGE Therapeutics.

## Conferences/Exhibitions

### September 02 2014: SAGE Therapeutics Presents New Preclinical Data on SAGE-217 at Eilat Conference on New Anti-Epileptic Drugs

CAMBRIDGE, Mass.- SAGE Therapeutics (NASDAQ:SAGE) today presented preclinical data on its second-generation neuroactive steroid, SAGE-217, at the Twelfth Eilat Conference on New Anti-Epileptic Drugs in Madrid, Spain. The data suggest improved activity for this compound versus other first-generation neuroactive steroids in development, as well as favorable selectivity and pharmacokinetic profile of the drug.

"SAGE has developed a proprietary chemistry platform that we believe allows us to efficiently identify and design selective neuroactive molecules that impact two important, validated nervous system targets - GABAA and NMDA receptors," said Albert Robichaud, Ph.D., chief scientific officer of SAGE Therapeutics.

## 8-K people news

### September 16: Sage Therapeutics elects Michael F. Cola as director 17 September 2014

Sage Therapeutics has elected Michael F. Cola as Director as on Sep 11, 2014.

## 8-K other news

### November 12: Sage Therapeutics: Results of Operations and Financial Condition

[News Story]

[http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=\\_Archives\\_edgar\\_data\\_1597553\\_000119312514407567\\_0001193125-14-407567.txt](http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1597553_000119312514407567_0001193125-14-407567.txt)

Source: 8-K United States Securities and Exchange Commission

### August 14: Sage Therapeutics: Results of Operations and Financial Condition

[News Story]

[http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=\\_Archives\\_edgar\\_data\\_1597553\\_000119312514309099\\_0001193125-14-309099.txt](http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1597553_000119312514309099_0001193125-14-309099.txt)

Source: 8-K United States Securities and Exchange Commission

### July 25: Sage Therapeutics: Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year

[News Story]

[http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=\\_Archives\\_edgar\\_data\\_1597553\\_000119312514279676\\_0001193125-14-279676.txt](http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1597553_000119312514279676_0001193125-14-279676.txt)

Source: 8-K United States Securities and Exchange Commission

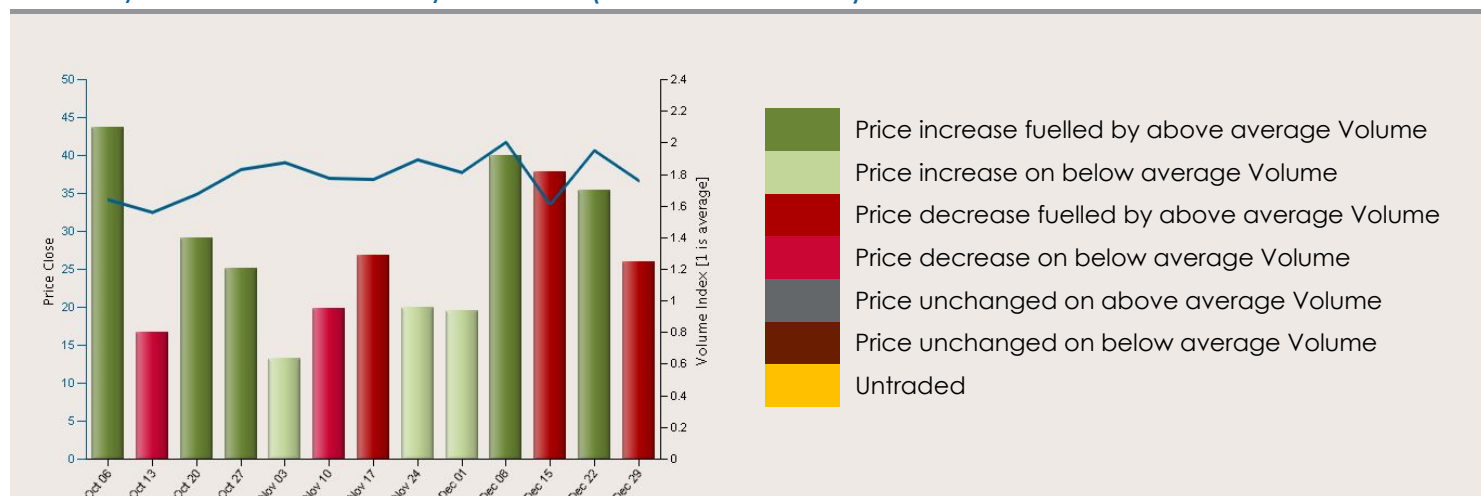
## Issued Capital

Based on 25,711,926 issued equity shares the market capitalisation is US\$951.3 million.

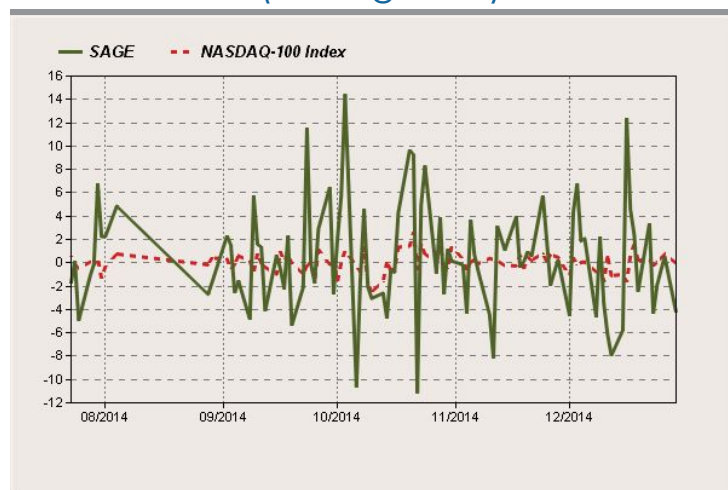
## Price Volume Trend: Trailing Quarter



## 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
09-Dec-2014	Leerink Swann	Boost Price Target	-	Outperform	46	54



## Board and Management

### Jeffrey Jonas CEO & Managing Director

Jeffrey Jonas joined SAGE Therapeutics as CEO in 2013 and has more than 20 years of experience on both the scientific and business sides of the pharmaceutical and healthcare industries, particularly in the CNS field. Before joining the SAGE team, Dr. Jonas served as the President of the Regenerative Medicine Division of Shire plc and previously as Senior Vice President of Research and Development, Pharmaceuticals at Shire. Prior to Shire, he served as the Executive Vice President of ISIS Pharmaceuticals, as the Chief Medical Officer and Executive Vice President of Forest Laboratories, Inc. and in senior-level positions at Upjohn Laboratories. Dr. Jonas founded AVAX Technologies, where he served as CEO and President, and SCEPTOR Industries, where he served as Chairman, President and Chief Technology Officer. Earlier in his career, he served as Independent Director at Cara Therapeutics, Inc. and Director of AVAX Technologies. He has published more than 70 scientific papers and chapters, authored more than 100 books, scientific articles and abstracts, and has received numerous awards. Dr. Jonas received his B.A. from Amherst College and M.D. from Harvard Medical School. He completed a residency in psychiatry at Harvard, and then served as Chief Resident in psychopharmacology at McClean Hospital, Harvard Medical School.

### Kimi Iguchi CFO

Kimi Iguchi joined SAGE Therapeutics as CFO in 2013, bringing both financial and operating strength from her senior management experience at Millennium, Biogen and emerging life science companies. Prior to joining SAGE, Ms. Iguchi served as the Chief Operating Officer, North America, for Santhera Pharmaceuticals. Prior to that, she held the role of Vice President of Finance at Cyberkinetics Neurotechnology Systems. Previously, Ms. Iguchi was the Senior Director of Financial Reporting and Analysis at Millennium Pharmaceuticals and the Senior Manager External Reporting at Biogen, Inc. She also worked as a business assurance manager at PricewaterhouseCoopers LLP and started her career in chemistry-related positions at various Boston-based companies. Ms. Iguchi holds a B.A. in chemistry from Drew University and an MBA from Northeastern University.

### Michael F. Cola Director

Mr. Cola served as President of Specialty Pharmaceuticals at Shire plc, a global specialty pharmaceutical company, from 2007 until April 2012. He joined Shire in 2005 as Executive Vice President of Global Therapeutic Business Units and Portfolio Management. Prior to joining Shire, he was with Safeguard Scientifics, Inc., a growth capital provider to life sciences and technology companies, where he served as President of the Life Sciences Group. Mr. Cola received a B.A. in biology and physics from Ursinus College and an M.S. in biomedical science from Drexel University. He serves on the Board of Directors of Vanda Pharmaceuticals Inc., NuPathe Inc. and Pennsylvania BIO, the statewide association representing the bioscience community. He also currently serves as Chairman of the Board of Governors of the Boys & Girls Clubs of Philadelphia.

#### Creation of shareholder value in Sage Therapeutics:

Since appointment as Director: The present value of USD1,000 invested on the appointment date of September 11, 2014 at close price of US\$29.80 is US\$1,242, for a capital gain of US\$242.

# Financial Results (Annual)

31 December, 2013

## Annual Report for the year ended December 31, 2013

year-on-year comparisons with previous corresponding period

### Favourable Changes

- Total liabilities to total assets down 40.4% to 0.3
- Current ratio up 82.4% to 3.6
- Working capital to total assets up 52.0% to 71.4%.

### Unfavourable Changes

- Loss of \$US18.3m
- EPS deterioration of 42.2% to -1,226.0 U.S. cents
- Net tangible assets per share deterioration 76.4% to \$US-21.13
- Operating cash flow is negative.

### Major Common Size Ratios

- Total current assets to total assets up from 94.4% to 98.5%
- Cash to total assets up from 93.6% to 94.5%
- Fixed assets to total assets down from 4.3% to 1.0%.

## INCOME STATEMENT

Currency in Thousand of USD	2013-12-31	2012-12-31	Change %
Operating expenses:			
Research and development	14,357	7,229	Up 98.6
General and administrative	3,922	2,402	Up 63.3
Total operating expenses	18,279	9,631	Up 89.8
Loss from operations	-18,279	-9,631	Deterioration 89.8
Interest income (expense), net	1		
Other income (expense), net	-3	-1	Deterioration 200.0
Net loss and comprehensive loss	-18,281	-9,632	Deterioration 89.8
Accretion of redeemable convertible preferred stock to redemption value	-7	-4	Deterioration 75.0
Net loss attributable to common stockholders	-18,288	-9,636	Deterioration 89.8
Net loss per share attributable to common stockholdersbasic and diluted	-1,226.0c	-862.0c	Deterioration 42.2
Weighted average number of common shares used in net loss per share attributable to common stockholdersbasic and diluted	1,492,288	1,118,288	Up 33.4
Pro forma net loss per share attributable to common stockholdersbasic and diluted (unaudited)	-1.92		
Weighted average number of common shares used in pro forma net loss per share attributable to common stockholdersbasic and diluted (unaudited)	9,514,463		

## BALANCE SHEET

Currency in Thousand of USD	2013-12-31	2012-12-31	Change %
Assets			

# Financial Results (Annual) (continued)

31 December, 2013

## Current assets:

Cash and cash equivalents	8,066	2,802	Up 187.9
Prepaid expenses and other current assets	341	24	Up 1,320.8
Total current assets	8,407	2,826	Up 197.5
Property and equipment, net	86	130	Down 33.8
Restricted cash	39	39	Steady
Total assets	8,532	2,995	Up 184.9

## Liabilities, Redeemable Convertible Preferred Stock and Stockholders' Equity (Deficit)

### Current liabilities:

Accounts payable	1,988	1,314	Up 51.3
Accrued expenses	327	105	Up 211.4
Total current liabilities	2,315	1,419	Up 63.1
Other liabilities:	44		
Total liabilities	2,359	1,419	Up 66.2

### Commitments and contingencies

Redeemable convertible preferred stock (Series A, B and C),

0.0001 par value; 35,000,000, 37,750,000 and 56,723,905

shares authorized as of December 31, 2012 and 2013 and

March 31, 2014 (unaudited), respectively; 15,000,000,

37,750,000 and 56,723,904 shares issued and outstanding

at December 31, 2012 and 2013 and March 31, 2014

(unaudited), respectively; aggregate liquidation preference of

40,663 and 94,808 at December 31, 2013 and March 31,

2014 (unaudited), respectively; no shares issued or

outstanding, pro forma at March 31, 2014 (unaudited)

37,709 14,970 Up 151.9

### Stockholders' equity (deficit):

Common stock, 0.0001 par value; 50,000,000,

66,000,000 and 70,623,905 shares authorized at

December 31, 2012 and 2013 and March 31, 2014

(unaudited), respectively; 1,395,273, 1,622,761 and

1,680,573 shares issued and outstanding at

December 31, 2012 and 2013 and March 31, 2014

(unaudited), respectively; 19,688,148 shares issued

and outstanding, pro forma at March 31, 2014

(unaudited)

Additional paid-in capital	139		
Deficit accumulated during the development stage	-31,675	-13,394	Deterioration 136.5
Total stockholders equity (deficit)	-31,536	-13,394	Deterioration 135.4
Total liabilities, redeemable convertible preferred stock and stockholders' equity (deficit)	8,532	2,995	Up 184.9



# Financial Results (Annual) (continued)

31 December, 2013

## CASH FLOW

Currency in Thousand of USD	2013-12-31	2012-12-31	Change %
Cash flows from operating activities			
Net loss	-18,281	-9,632	Deterioration 89.8
Adjustments to reconcile net loss to net cash used in operating activities:			
Stock-based compensation expense	61		
Non-cash interest expense			
Licensing or consultant fees paid in common stock	64		
Depreciation and amortization	47	44	Up 6.8
Changes in operating assets and liabilities			
Prepaid expenses and other current assets	-317	71	Deterioration
Accounts payable	674	609	Up 10.7
Accrued expenses and other	236	-18	Recovery
Net cash used in operating activities	-17,516	-8,926	Deterioration 96.2
Cash flows from investing activities			
Purchase of property and equipment	-3	-111	Reduced 97.3
Restricted cash			
Net cash used in investing activities	-3	-111	Reduced 97.3
Cash flows from financing activities			
Proceeds from convertible notes payable			
Proceeds from the issuance of Series A preferred stock, net of issuance costs	22,732	8,994	Up 152.7
Proceeds from the issuance of Series B preferred stock, net of issuance costs			
Proceeds from the issuance of Series C preferred stock, net of issuance costs			
Proceeds from the issuance of common stock and restricted stock, net	51	3	Up 1,600.0
Net cash provided by financing activities	22,783	8,997	Up 153.2
Net increase (decrease) in cash and cash equivalents	5,264	-40	Recovery
Cash and cash equivalents at beginning of period	2,802	2,842	Down 1.4
Cash and cash equivalents at end of period	8,066	2,802	Up 187.9
	8,066	2,802	Up 187.9

# Financial Results (Annual) (continued)

31 December, 2013

## PERFORMANCE RATIOS

	2013-12-31	2012-12-31	Change %
Return on Assets (%)	-214.26	-321.6	Reduced 33.4
Total Liabilities to Operating Cash Flow	-0.13	-0.16	Reduced 15.3
Total Liabilities/Total Assets	0.28	0.47	Down 41.6
Current Ratio	3.63	1.99	Up 82.3

## PER SHARE FIGURES

	2013-12-31	2012-12-31	Change %
Cash	US\$5.41	US\$2.51	Up 115.7
Working Capital	US\$4.08	US\$1.26	Up 224.5
Shareholders' Funds	-2,113.26c	-1,197.72c	Deterioration 76.4
Total Liabilities	US\$1.58	US\$1.27	Up 24.6
Total Assets	US\$5.72	US\$2.68	Up 113.5
Net Tangible Assets	-2,113.26c	-1,197.72c	Deterioration 76.4
EPS Final	-1,226.0c	-862.0c	Deterioration 42.2

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