

Trevena (TRVN : US\$5.65)

Trevena tumbles 20.6% in second quarter, underperforming 88% of the market

Trevena Inc, NASDAQ's 56th largest medical company by market cap, tumbled US\$1.47 (or 20.6%) in the quarter ended June 30 to close at US\$5.65. This loss means the stock has underperformed 88% of NASDAQ-listed stocks in quarter ended June 30. The volume in the quarter was 0.7 times the average trading of 97,342 shares. Compared with the NASDAQ-100 Index which rose 191.1 points (or 5.2%), this represents a relative price change of -25.9%. In the second quarter the market cap declined US\$53.3 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:

- The price has risen above the upper Bollinger band of US\$5.14.
- The Q Ratio, defined by James Tobin as MCap divided by Total Assets, is 3.5. Compared with the rest of the market the stock is overvalued and ranks in the bottom quartile of stocks by value of Q Ratio.
- In the last three months the number of falls outnumbered rises 35:20 or 1.75:1.

However, there are some reasons why some in the market are more bullish on the stock:

- "Current ratio of two or more"; current assets are 15.3 times current liabilities.

Stock Summary

Sector	Medical
Market Cap	US\$148.1 million
Shares Outstanding	26,208,754
Relative Strength (3 mo)	12

Financial Summary

Year ended	Dec 2013	Dec 2012	Dec 2011
Sales (USDm)	0.4	1	2.4
Pretax (USDm)	-	-	(15.8)
Net (USDm)	(23.6)	(16)	(15.9)
EPS (USD)	(29.71)	(23.7)	(0.71)

MCap: A Historical Perspective

	Share Price (USD)	Market Cap (\$)
Last	5.6	148.1 million

Analysis

Bullish Signals

- In the last 3 trading sessions there has been a net rise of 24.72%; the stock has advanced eight times and the biggest one day rise was 26.1% on Jun 30.

Undervaluation:

- The company is cash rich with Cash to Market Capitalisation at 25.6%.

Other Bullish Signals:

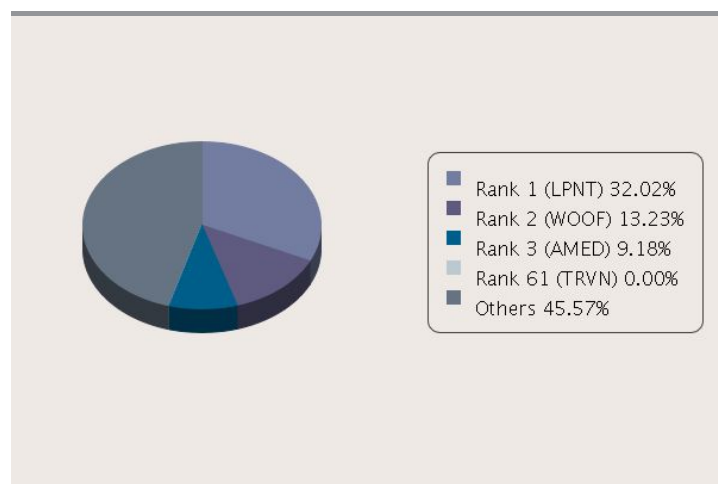
Also, the following criteria set by Benjamin Graham:

- "Current ratio of two or more"; current assets are 15.3 times current liabilities.

Bullish Indicators and Rank in Market:

Description	Value	Rank In Market
Price Change %	26.1	In Top 1%
%Prem To Vol Wtd Price	23.4	In Top 2%
P/E * P/NTA	11.43	In Top Quartile
Cash to MCap %	25.6	In Top Quartile

Revenue Share Medical



Bearish Signals

- The price is at a premium of 23.4% to the 1-month volume weighted average price of US\$4.58.
- The price has risen above the upper Bollinger band of US\$5.14.
- The current short volume is 2.9 times its own historical average of 0.1%.

Overvaluation:

- Price/Sales of 391.14 versus sector average of 2.7 and market average of 2.2.
- The Q Ratio, defined by James Tobin as MCap divided by Total Assets, is 3.5. Compared with the rest of the market the stock is overvalued and ranks in the bottom quartile of stocks by value of Q Ratio.

Other Bearish Signals:

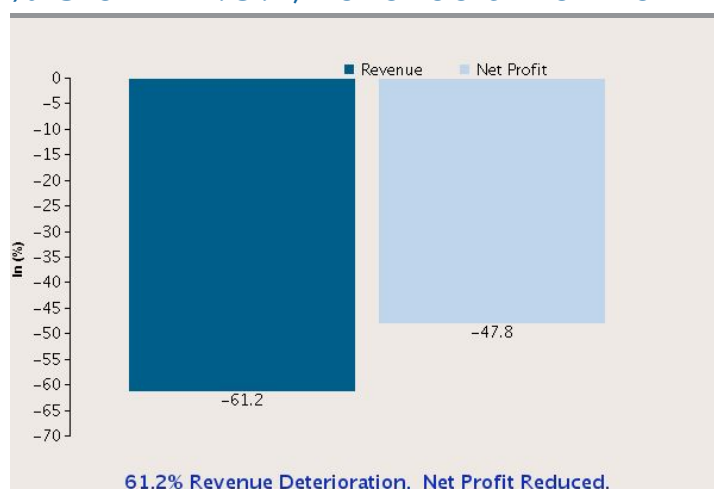
- Net Profit margin has seen consecutive falls and seems to be on a slippery slope in recent years.

Annual Trend:

[Year ended, all figures in %]:

Year	Net Profit Margin
Dec 13	-6,229.8
Dec 12	-1,634.9

% Growth Y.O.Y, Revenue & Net Profit



Bearish Indicators and Rank in Market:

Description	Value	Rank In Market
Price/MAP50	0.55	In Bottom 4%
Volatility %	24.8	In Bottom 1%
Annual Revenue	US\$378,587	In Bottom 1%

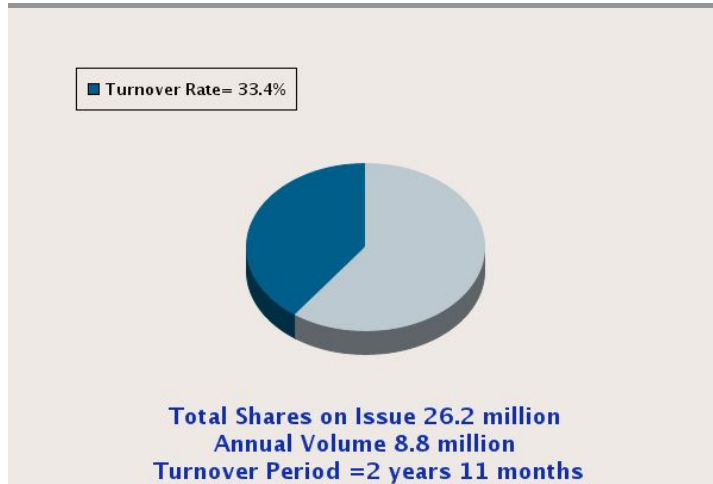
Note

Neutral Indicators and Rank in Market:

Description	Value	Rank In Market
MCap	US\$148.1 million	In 3rd Quartile
Turnover in Quarter	US\$22.6 million	In 3rd Quartile

Analysis (continued)

Turnover Rate & Turnover Period



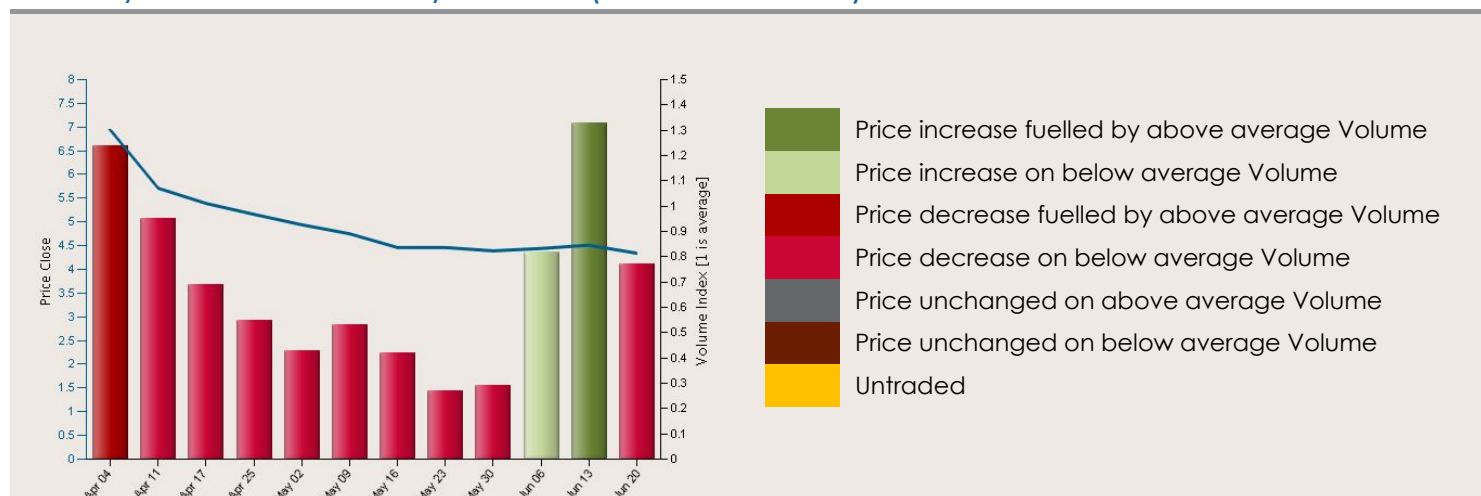
Trailing 3 months

Turnover	US\$22.6 million
Volume	4,421,232
Volume Index (1 is avg)	0.7

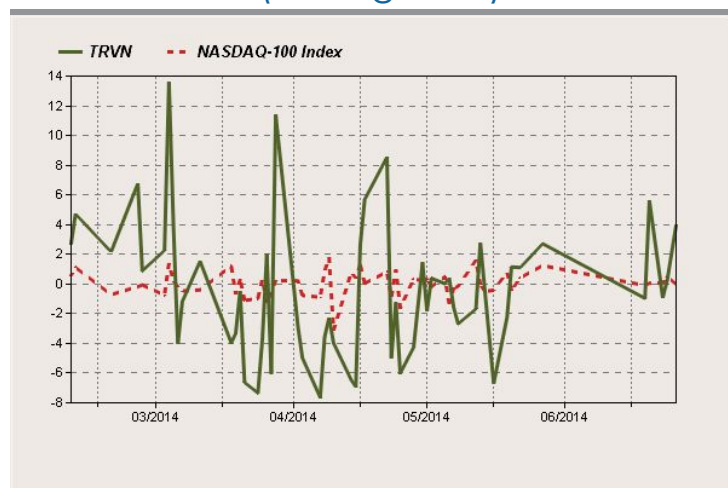
Price Volume Trend: Trailing Quarter



Weekly Price Volume Dynamics (Last 12 Weeks)



Stock v Index (Trailing Year)



Peer Group Analysis

							Sector sorting
Name	Last Price	Relative strength (6-months)	MCap (Millions)	PV \$1000 (1 yr)	Revenue (Millions)	Net Profit (Millions)	Total Assets (Millions)
Lifevantage	1.44	28	150	632	209	9	55
Trevena	5.65	-	148	-	0	-24	42

Company Overview

Activities

Trevena, Inc. develops pharmaceutical products. The Company offers discovery and development of agents targeting G-protein coupled receptors and therapies and drugs that treat acute heart failure, post-operative pain, acute and chronic pain, and depression. Trevena serves customers throughout the United States.

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

Regulatory Announcements

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

June 24: Results of Phase 1b Clinical Trial Comparing TrevenaaEUR(TradeMark)s TRV130 to Morphine Published in the Journal Pain

June 23: Trevena Announces Positive Phase 1 Results for TRV734 for Acute and Chronic Pain

June 18: Trevena CEO to Present at the 9th Annual JMP Securities Healthcare Conference

May 27: Trevena CEO to Present at the Jefferies 2014 Global Healthcare Conference

May 09: Trevena Reports First Quarter 2014 Financial Results

May 02: Trevena to Host Conference Call on May 9th to Discuss First Quarter 2014 Financial Results and Recent Highlights

May 02: Trevena Presents Results from Phase 1b Trial of Injectable Analgesic TRV130 at American Society of Pain Annual Meeting

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

May 09: Trevena: Results of Operations and Financial Condition

March 20: Trevena: Results of Operations and Financial Condition

February 05: Trevena: Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year

Issued Capital

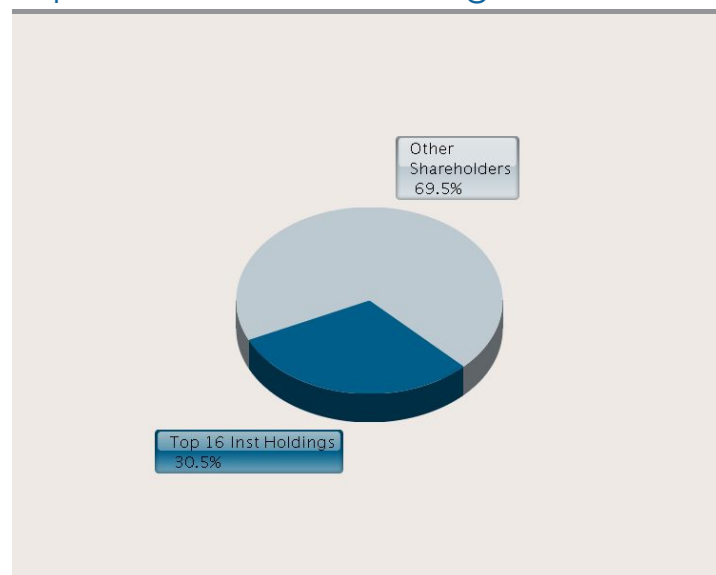
Based on 26,208,754 issued equity shares the market capitalisation is US\$148.1 million. It is NASDAQ's 61st largest Medical company by total revenue.

The top sixteen shareholders hold 30.5% of the issued capital leaving a float of 69.5%.

Top 10 Shareholders

Name of Shareholder	No. of Shares	% Held
Nea Management Company LLC	3,811,691	14.54
Wellington Management Co Llp	1,105,455	4.22
Brookside Capital Management Llc	799,998	3.05
Jpmorgan Chase & Co	629,575	2.4
Putnam Investments Llc	556,184	2.12
Bvf Inc/ll	350,000	1.34
Alyeska Investment Group L.P.	236,126	0.9
Vanguard Group Inc	135,620	0.52
California Public Employees Retirement System	125,000	0.48
Panagora Asset Management Inc	91,515	0.35
Total	7,841,164	29.92

Top 16 Institutional Holdings



Board and Management

Maxine Gowen **CEO & President & Director**

Dr. Gowen has served as our President and Chief Executive Officer and Director. Prior to joining our company, Dr. Gowen was Senior Vice President for the Center of Excellence for External Drug Discovery at GlaxoSmithKline plc, or GSK, where she held a variety of leadership positions during her tenure of 15 years. Before GSK, Dr. Gowen was Senior Lecturer and Head, Bone Cell Biology Group, Department of Bone and Joint Medicine, of the University of Bath, U.K. From 2008 until 2012, Dr. Gowen served as a director of Human Genome Sciences, Inc., a public biopharmaceutical company. Our board of directors believes that Dr. Gowen's detailed knowledge of our company and her over 20 years in the pharmaceutical industry, including her roles at GSK, provide a critical contribution to our board of directors.

Leon O. Moulder **Independent Chairman**

Mr. Leon O. Moulder, Jr., is Independent Chairman of the Board of Trevena Inc. Since June 2010, Mr. Moulder has served as Chief Executive Officer and a member of the board of directors of TESARO, Inc., or TESARO, a public biopharmaceutical company. From April 2009 to January 2010, Mr. Moulder served as Vice Chairman, President and Chief Executive Officer of Abraxis BioScience, Inc., or Abraxis, a biotechnology company. Before that, Mr. Moulder served as Vice Chairman of Eisai Corporation, North America, or Eisai, a pharmaceutical company and wholly owned subsidiary of Eisai Co., Ltd., a Japanese pharmaceutical company, from January 2008 until January 2009, after Eisai acquired MGI PHARMA, Inc., a biopharmaceutical company, where he had served as President and Chief Executive Officer since May 2003. Mr. Moulder currently serves on the board of directors of Cubist Pharmaceuticals, Inc. and also serves on the Board of Trustees of Temple University as well as the Board of Visitors of the Temple University School of Pharmacy. Our board of directors believes that Mr. Moulder's significant operational and senior management experience in the pharmaceutical and biotechnology industries, as well as his extensive experience serving on boards of directors of public and private companies in the life sciences industry, allow him to make valuable contributions to the board.

Roberto E. Cuca **CFO & Senior Vice President**

Mr. Roberto E. Cuca is Chief Financial Officer, Senior Vice President of Trevena, Inc. Prior to joining us, he held various leadership positions in the finance organization of Endo Health Solutions Inc., a pharmaceutical company, from March 2010 to August 2013, including, most recently, Treasurer and Senior Vice President, Finance. Prior to that, he was Director, Corporate and Business Development, at moksha8 Pharmaceuticals, Inc., an emerging markets focused pharmaceutical company, from March 2008 until February 2010. From 2005 until 2008, he worked at JPMorgan Chase & Co. as an equity analyst covering U.S. pharmaceutical companies. Mr. Cuca received an M.B.A. from the Wharton School of The University of Pennsylvania, a J.D. from Cornell Law School, an A.B. from Princeton University and he is a CFA charterholder.

Financial Results (Quarterly)

31 March, 2014

INCOME STATEMENT

Currency in USD	2014-03-31	2013-03-31	Change %
Revenue:			
Grant revenue		41,201	
Collaboration revenue			
Total revenue		41,201	
Operating expenses:			
General and administrative	2,020,865	761,437	Up 165.4
Research and development	7,633,509	2,115,066	Up 260.9
Total operating expenses	9,654,374	2,876,503	Up 235.6
Loss from operations	-9,654,374	-2,835,302	Deterioration 240.5
Other income (expense):			
Change in fair value of warrant liability	98,922	10,255	Up 864.6
Miscellaneous income	176,015		
Interest income	6,023		
Interest expense		58,241	
Total other income (expense)	280,960	-47,986	Recovery
Net loss and comprehensive loss	-9,373,414	-2,883,288	Deterioration 225.1
Accretion of redeemable convertible preferred stock	-28,521	-79,161	Reduced 64.0
Net loss attributable to common stockholders	-9,401,935	-2,962,449	Deterioration 217.4
Per share information:			
Net loss per share of common stock, basic and diluted	-59.0c	-430.0c	Reduced 86.3
Weighted average shares outstanding, basic and diluted	16,023,497	689,266	Up 2,224.7

BALANCE SHEET

Currency in USD	2014-03-31	2013-12-31	Change %
Assets			
Current assets:			
Cash and cash equivalents	91,344,666	37,965,198	Up 140.6
Prepaid expenses and other current assets	3,395,364	1,957,765	Up 73.4
Offering costs		1,999,279	
Total current assets	94,740,030	41,922,242	Up 126.0
Property and equipment, net	257,864	343,059	Down 24.8
Restricted cash	112,000	112,000	Steady
Other assets	45,300	15,625	Up 189.9
Total assets	95,155,194	42,392,926	Up 124.5
Liabilities, redeemable convertible preferred stock and stockholders' (deficit) equity			

Financial Results (Quarterly) (continued)

31 March, 2014

Current liabilities:			
Accounts payable	3,084,016	545,053	Up 465.8
Accrued expenses and other current liabilities	1,775,505	2,158,792	Down 17.8
Deferred rent	34,707	33,114	Up 4.8
Total current liabilities	4,894,228	2,736,959	Up 78.8
Deferred rent, net of current portion	307,374	313,919	Down 2.1
Warrant liability	106,341	350,519	Down 69.7
Total liabilities	5,307,943	3,401,397	Up 56.1
Commitments and contingencies			
Redeemable convertible preferred stock:			
Series A convertible preferred stock, 0,001 par value; 25,074,999 and 0 shares authorized, 25,074,999 and 0 shares issued and outstanding at December 31, 2013 and March 31, 2014 respectively, (liquidation preference of 25,074,999 at December 31, 2013)		25,024,373	
Series B convertible preferred stock, 0,001 par value; 35,500,000 and 0 shares authorized, 30,800,000 and 0 shares issued and outstanding at December 31, 2013 and March 31, 2014, respectively (liquidation preference of 30,800,000 at December 31, 2013)		30,778,700	
Series B-I convertible preferred stock, 0,001 par value; 6,000,000 and 0 shares authorized, 4,750,000 and 0 shares issued and outstanding at December 31, 2013 and 2014, respectively (liquidation preference of 4,200,000 at December 31, 2013)		4,823,079	
Series C convertible preferred stock, 0,001 par value; 37,000,000 and 0 shares authorized, 36,764,704 and 0 shares issued and outstanding at December 31, 2013 and March 31, 2014, respectively (liquidation preference of 59,999,997 at December 31, 2013)		59,935,986	
Total redeemable convertible preferred stock		120,562,138	
Stockholders' (deficit) equity:			
Common stock, 0,001 par value; 132,000,000 shares authorized, 26,233 957,756 and 26,232,941 shares issued and outstanding at December 31, 2013 and March 31, 2014, respectively		958	Up 2,638.3
Additional paid-in capital	181,463,282	697,283	Up 25,924.3
Deficit accumulated during the development stage	-91,642,264	-82,268,850	Deterioration 11.4
Total stockholders' (deficit) equity	89,847,251	-81,570,609	Recovery
Total liabilities, redeemable convertible preferred stock and stockholders' (deficit) equity	95,155,194	42,392,926	Up 124.5

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