

## Trevena (TRVN : US\$6.45)

### Trevena continues uptrend, now soars 44.0% and in top 3% of the market

Trevena Inc, NASDAQ's 49th largest medical company by market cap, soared US\$1.97 (or 44.0%) in the quarter ended September 30 to close at US\$6.45. This gain means the stock is among the top 3% of NASDAQ-listed stocks in quarter ended September 30. The volume in the quarter was 0.6 times the average trading of 77,861 shares.

Compared with the NASDAQ-100 Index which rose 150.2 points (or 3.8%), this represents a relative price increase of 40.1%. In the third quarter the market cap jumped US\$56.1 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:**

- Its Moving Average Convergence Divergence indicators are rising, with its 12-day EMA higher than its 26-day EMA.

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

- The Q Ratio, defined by James Tobin as MCap divided by Total Assets, is 4. Compared with the rest of the market the stock is overvalued and ranks in the bottom quartile of stocks by value of Q Ratio.

### Stock Summary

|                                 |                 |
|---------------------------------|-----------------|
| <b>Sector</b>                   | Medical         |
| <b>Market Cap</b>               | US\$169 million |
| <b>Shares Outstanding</b>       | 26,208,754      |
| <b>ISIN</b>                     | US89532E1091    |
| <b>Relative Strength (3 mo)</b> | 98              |

### Financial Summary

| Year ended   | Dec 2013   | Dec 2012   | Dec 2011 |
|--------------|------------|------------|----------|
| Sales (USD)  | 378,587    | 975,717    | 2.42M    |
| Pretax (USD) | -          | -          | (15.81M) |
| Net (USD)    | (23.5851M) | (15.9523M) | (15.88M) |
| EPS (USD)    | (29.71)    | (23.7)     | (0.71)   |

### MCap: A Historical Perspective

|      | Share Price (USD) | Market Cap (US\$) |
|------|-------------------|-------------------|
| Last | 6.4               | 169 million       |

# Analysis

## Bullish Signals

- In the last 2 trading sessions there has been a net rise of 6.26%; the stock has advanced seven times and the biggest one day rise was 13.5% on Sep 29.
- The Moving Average Convergence Divergence (MACD) indicator of 12-day Exponential Moving Average (EMA) of 6.05 minus the 26-day EMA of 6.0 is positive suggesting a bullish signal. Both the 12-day EMA as well as the 26-day EMA are rising, another bullish signal.

### Undervaluation:

- The company is cash rich with Cash to Market Capitalisation at 22.5%.

### Other Bullish Signals:

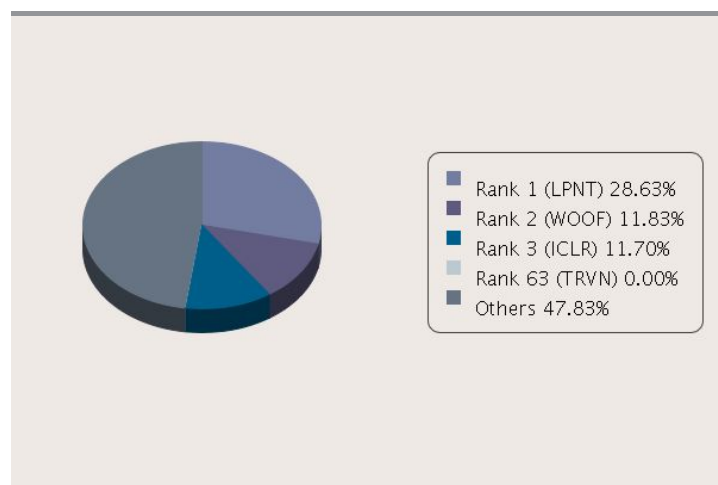
Also, the following criteria set by Benjamin Graham:

- "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  |
|------------------------|-------|-----------------|
| P/E * P/NTA            | 9.52  | In Top Quartile |
| %Prem To Vol Wtd Price | 7.7   | In Top Quartile |
| Cash to MCap %         | 22.5  | In Top Quartile |

## Revenue Share Medical



## Bearish Signals

- The price is at a premium of 7.7% to the 1-month volume weighted average price of US\$5.99. Given that this premium has been under 7.7% one hundred twenty times and over 7.7% thirty-one times in the last year, the downside:upside probability is estimated at 120:31 or 3.9:1.
- In the NASDAQ market of 2,413 stocks traded today, the stock has a 6-month relative strength of 30 indicating it is trailing 70.0% of the market.
- The price has risen above the upper Bollinger band of US\$6.38.
- The current short volume is 1.1 times its own historical average of 0.1%.

### Overvaluation:

- Price/Sales of 446.52 versus sector average of 2.5 and market average of 2.3.
- The Q Ratio, defined by James Tobin as MCap divided by Total Assets, is 4. 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:

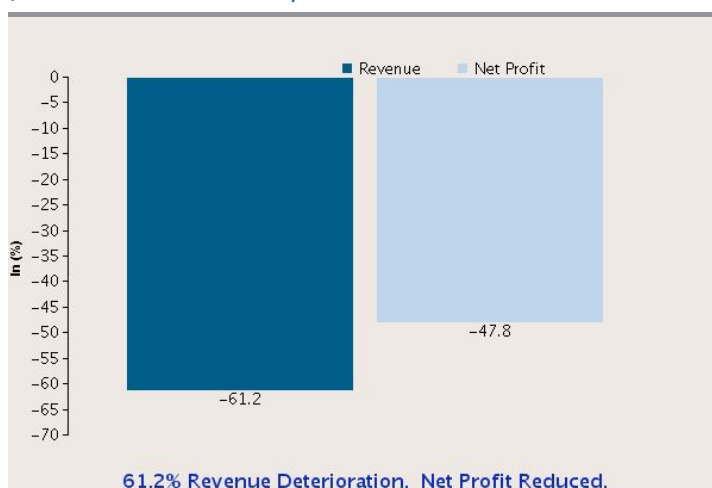
- Net Profit margin has seen consecutive falls and seems to be on a slippery slope in recent years.

### 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



## Analysis (continued)

The stock has a score of merely 1 out of 9 set by Joseph Piotroski [pass mark  $\geq 5$ ]:

Improvement in current ratio from 1.8 to 15.3.

### Bearish Indicators and Rank in Market:

| Description    | Value       | Rank In Market     |
|----------------|-------------|--------------------|
| Price Change % | -1.8        | In Bottom Quartile |
| Price/MAP50    | 0.54        | In Bottom 5%       |
| Annual Revenue | US\$378,587 | In Bottom 1%       |

## Note

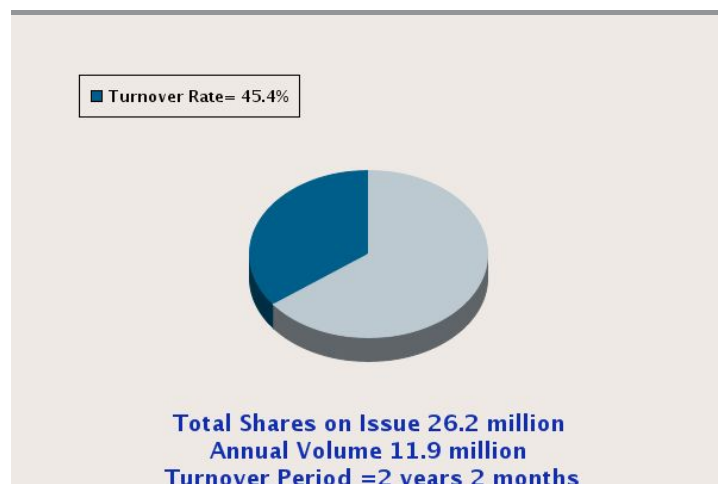
### Neutral Indicators and Rank in Market:

| Description         | Value           | Rank In Market  |
|---------------------|-----------------|-----------------|
| MCap                | US\$169 million | In 3rd Quartile |
| Turnover in Quarter | US\$19 million  | In 3rd Quartile |

## Insider Trades



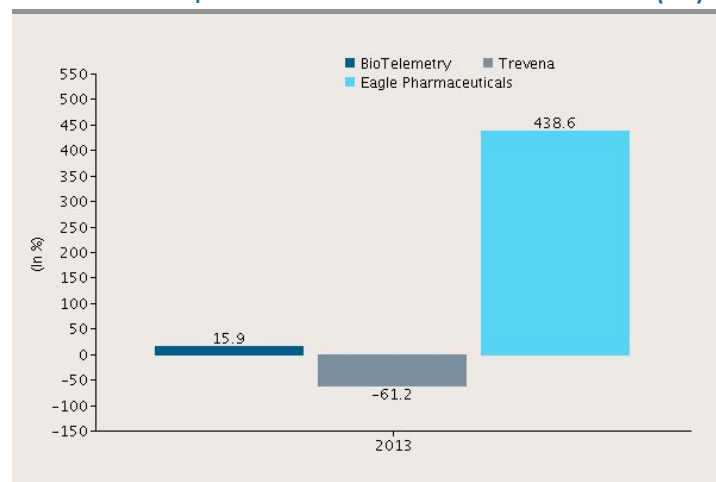
## Turnover Rate & Turnover Period



## Trailing 3 months

|                         |                |
|-------------------------|----------------|
| Turnover                | US\$19 million |
| Volume                  | 3,148,439      |
| Volume Index (1 is avg) | 0.6            |

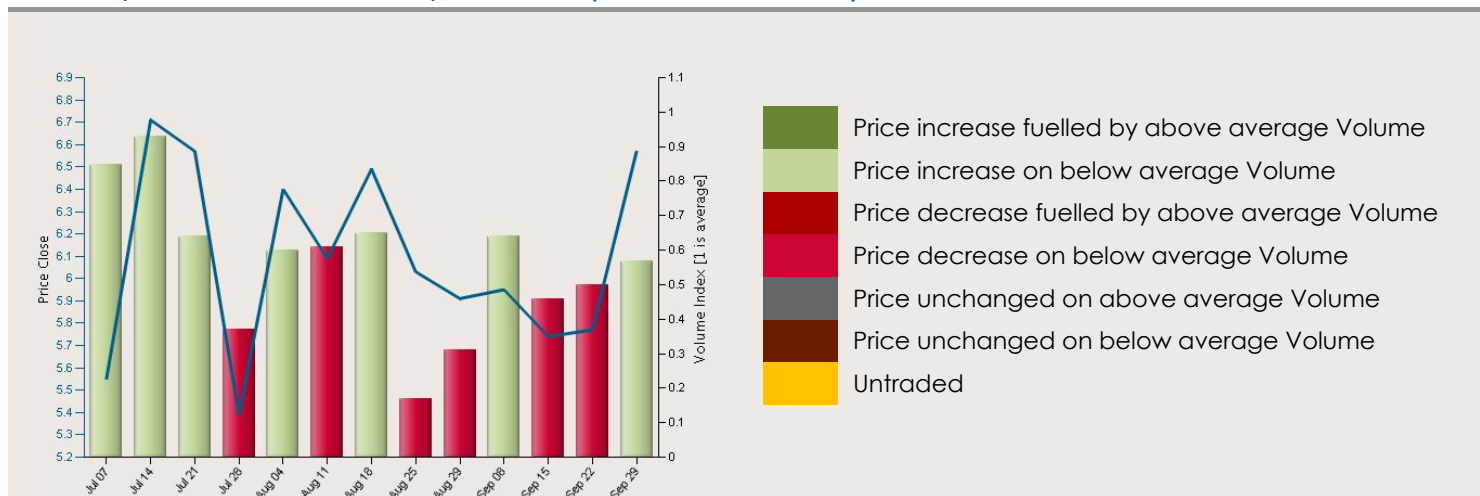
## Peer Comparison Revenue Growth (%)



## Price Volume Trend: Trailing Quarter



## Weekly Price Volume Dynamics (Last 12 Weeks)



## Peer Group Analysis

Sector sorting

| Name                   | Last Price | Relative strength (6-months) | MCap () | PV \$1000 (1 yr) | Revenue () | Net Profit () | Total Assets () |
|------------------------|------------|------------------------------|---------|------------------|------------|---------------|-----------------|
| Eleven Biotherapeutics | 11.3       | 13                           | 181.9M  | 0                | 2.5M       | -26,792,000   | 11.2M           |
| BioTelemetry           | 6.7        | 11                           | 177.1M  | 676              | 129.3M     | -7,319,000    | 87.5M           |
| Eagle Pharmaceuticals  | 12.5       | 58                           | 173.7M  | 0                | 13.7M      | -9,890,000    | 18.1M           |
| Trevena                | 6.4        | 30                           | 169M    | 0                | 378,587    | -36,757,616   | 42.4M           |
| Stemline Therapeutics  | 12.5       | 10                           | 164.9M  | 291              | 370,823    | -28,256,624   | 85.3M           |
| Genocea Biosciences    | 9.1        | 5                            | 159M    | 0                | 730,000    | -26,645,000   | 15.8M           |
| uniQure                | 9.0        | 0                            | 158.9M  | 0                | 4.6M       | -33,852,204   | 49.2M           |

## Company Overview

### Regulatory Announcements

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

September 22: Trevena Enters into \$35 Million Tranchd Term Loan Credit Facility

September 18: Trevena Appoints Adam M. Koppel to the Board of Directors

September 16: Trevena Granted Key U.S. Composition of Matter Patent for TRV130

August 18: Trevena substantial shareholder sells; shares at a 13-day high

August 15: Trevena substantial shareholder sells; shares at a nine-day high

August 12: Trevena Reports Second Quarter 2014 Financial Results

August 07: Trevena CEO to Present at the Canaccord Genuity 34th Annual Growth Conference

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

September 18: Christopher K. Mirabelli - Trevena director resigns 20 September 2014

September 18: Trevena appoints Adam M. Koppel as director 20 September 2014

July 01: Terrance G. McGuire - Trevena director resigns 02 July 2014

July 01: David F. Solomon - Trevena director resigns 02 July 2014

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

August 12: Trevena: Results of Operations and Financial Condition

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

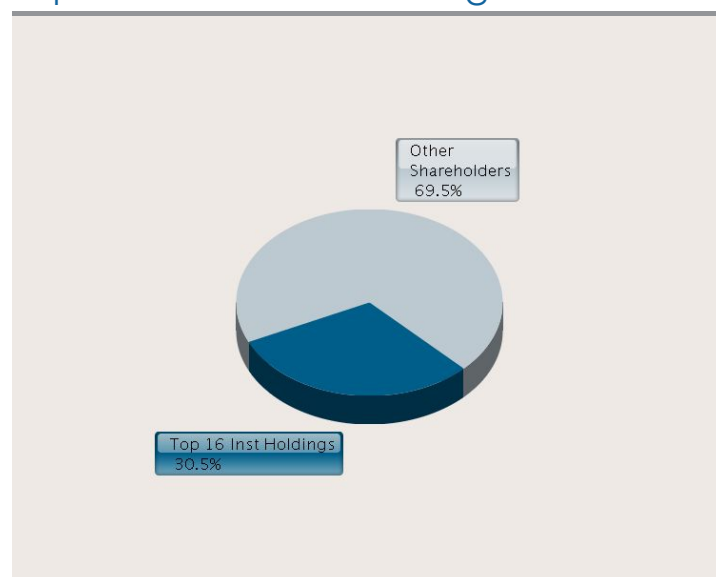
Based on 26,208,754 issued equity shares the market capitalisation is US\$169 million. It is NASDAQ's 63rd largest Medical company by total revenue.

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         |
| <b>Total</b>                                  | <b>7,841,164</b> | <b>29.92</b> |

### 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.

## Board and Management (continued)

### Julie H. McHugh Director

Ms. McHugh has over 28 years of experience in the drug development industry. From 2004 to 2006 she was president of Centocor, Inc., a J&J subsidiary, where she oversaw the development and launch of Remicade(Registered) (infliximab). From 2006 to 2008, she served as company group chairman for Johnson & Johnson's worldwide virology business unit, where she oversaw the launches of Prezista(Registered) (darunavir) and Intelence(Registered) (etravirine). Most recently she served as chief operating officer at Endo Health Solutions Inc. from 2010 to 2013. Prior to this, she served as chief executive officer of Nora Therapeutics, Inc., a private biotech company focused on developing novel therapies for the treatment of infertility disorders. Ms. McHugh currently serves on the board of directors for Ironwood Pharmaceuticals and Xellia Pharmaceuticals, Inc., and previously served as a director for ViroPharma Incorporated. Ms. McHugh received her Masters of Business Administration degree from St. Joseph's University and her Bachelor of Science degree from Pennsylvania State University.

#### Creation of shareholder value in Trevena:

Since appointment as Director: The present value of USD1,000 invested on the appointment date of July 01, 2014 at close price of US\$5.83 is US\$1,106, for a capital gain of US\$106.

### Barbara Yanni Director

Ms. Yanni had a 28-year career at Merck & Co., Inc., where she was vice president and chief licensing officer before her retirement in March 2014. For 12 years, she led Merck's Corporate Licensing group, successfully structuring and negotiating agreements to acquire rights to over one hundred compounds, programs, and technologies to enhance Merck's pipeline. Prior to this, Ms. Yanni served in various roles including in corporate development, financial evaluation, and tax. Ms. Yanni has a J.D. from Stanford Law School and an A.B. from Wellesley College. She also holds a Masters of Law in Taxation from New York University.

#### Creation of shareholder value in Trevena:

Since appointment as Director: The present value of USD1,000 invested on the appointment date of July 01, 2014 at close price of US\$5.83 is US\$1,106, for a capital gain of US\$106.

### Adam M. Koppel Independent Director

Dr. Adam M. Koppel, M.D., Ph.D. has been appointed as Director of Director of Trevena, Inc., effective as September 17, 2014. Dr. Koppel is Senior Vice President and Chief Strategy Officer at Biogen Idec, where he has served since May 2014. Previously, he was a managing director at Brookside Capital, the public equity affiliate of Bain Capital, which he joined in 2003. Prior to Brookside Capital, he was an associate principal of the McKinsey Healthcare Practice. Dr. Koppel holds Bachelor and Master of Arts degrees in History and Science from Harvard College and earned an M.D. and Ph.D. in Molecular Neurobiology from the University of Pennsylvania. He also received an M.B.A. from the University of Pennsylvania's Wharton School. Dr. Koppel also serves on the board of directors of PTC Therapeutics.

#### Creation of shareholder value in Trevena:

Since appointment as Independent Director: The present value of USD1,000 invested on the appointment date of September 17, 2014 at close price of US\$5.66 is US\$1,141, for a capital gain of US\$141.



# Financial Results (Quarterly)

30 June, 2014

## INCOME STATEMENT

| Currency in USD   | 2014-06-30  | 2013-06-30 | Change %            |
|---|-------------|------------|---------------------|
| <b>Revenue:</b>   |             |            |                     |
| Grant revenue   |             | 43,779     |                     |
| Collaboration revenue   |             | 50,000     |                     |
| Total revenue   |             | 93,779     |                     |
| <b>Operating expenses:</b>  |             |            |                     |
| General and administrative  | 2,475,820   | 871,275    | Up 184.2            |
| Research and development  | 9,031,037   | 3,494,681  | Up 158.4            |
| Total operating expenses  | 11,506,857  | 4,365,956  | Up 163.6            |
| Loss from operations  | -11,506,857 | -4,272,177 | Deterioration 169.3 |
| <b>Other income (expense):</b>  |             |            |                     |
| Change in fair value of warrant liability   | -581        | -318,748   | Reduced 99.8        |
| Miscellaneous income  | 8,000       | 152        | Up 5,163.2          |
| Interest income   | 3,757       |            |                     |
| Interest expense  |             | 89,701     |                     |
| Total other income (expense)  | 11,176      | -408,297   | Recovery            |
| Net loss and comprehensive loss   | -11,495,681 | -4,680,474 | Deterioration 145.6 |
| Accretion of redeemable convertible preferred stock   |             | -83,426    |                     |
| Net loss attributable to common stockholders  | -11,495,681 | -4,763,900 | Deterioration 141.3 |
| <b>Per share information:</b>   |             |            |                     |
| Net loss per share of common stock, basic and diluted   | -44.0c      | -630.0c    | Reduced 93.0        |
| Weighted average shares outstanding, basic and diluted  | 26,327,895  | 756,083    | Up 3,382.1          |
| <b>Current assets:</b>  |             |            |                     |
| Cash and cash equivalents   | 81,619,184  | 37,965,198 | Up 115.0            |
| Prepaid expenses and other current assets   | 2,531,788   | 3,957,044  | Down 36.0           |
| Total current assets  | 84,150,972  | 41,922,242 | Up 100.7            |
| Property and equipment, net   | 392,254     | 343,059    | Up 14.3             |
| Restricted cash   | 112,000     | 112,000    | Steady              |
| Other assets  | 33,387      | 15,625     | Up 113.7            |
| Total assets  | 84,688,613  | 42,392,926 | Up 99.8             |
| <b>Liabilities, redeemable convertible preferred stock and stockholders' (deficit) equity</b> |             |            |                     |
| <b>Current liabilities:</b>   |             |            |                     |
| Accounts payable  | 3,471,790   | 545,053    | Up 537.0            |
| Accrued expenses and other current liabilities  | 1,685,388   | 2,158,792  | Down 21.9           |
| Deferred rent   | 34,795      | 33,114     | Up 5.1              |
| Total current liabilities   | 5,191,973   | 2,736,959  | Up 89.7             |
| Deferred rent, net of current portion   | 302,696     | 313,919    | Down 3.6            |
| Warrant liability   | 106,922     | 350,519    | Down 69.5           |
| Total liabilities   | 5,601,591   | 3,401,397  | Up 64.7             |

# Financial Results (Quarterly) (continued)

30 June, 2014

## Commitments and contingencies

### Redeemable convertible preferred stock:

Series A convertible preferred stock, 0.001 par value; 0 and 25,074,999 shares authorized, 0 and 25,074,999 shares issued and outstanding at June 30, 2014 and December 31, 2013, respectively (liquidation preference of 25,074,999 at December 31, 2013) 25,024,373

Series B convertible preferred stock, 0.001 par value; 0 and 35,500,000 shares authorized, 0 and 30,800,000 shares issued and outstanding at June 30, 2014 and December 31, 2013, respectively (liquidation preference of 30,800,000 at December 31, 2013) 30,778,700

Series B-1 convertible preferred stock, 0.001 par value; 0 shares and 6,000,000 shares authorized, 0 shares and 4,750,000 shares issued and outstanding at June 30, 2014 and December 31, 2013, respectively (liquidation preference of 4,200,000 at December 31, 2013) 4,823,079

Series C convertible preferred stock, 0.001 par value; 0 and 37,000,000 shares authorized, 0 and 36,764,704 shares issued and outstanding at June 30, 2014 and December 31, 2013, 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:

Preferred stock, 0.001 par value, 5,000,000 and 0 shares authorized, 0 shares issued and outstanding at June 30, 2014 and December 31, 2013, respectively

Common stock, 0.001 par value; 100,000,000 and 132,000,000 shares authorized, 26,358,626 and 957,756 shares issued and outstanding at June 30, 2014 and December 31, 2013, respectively 26,359 958 Up 2,651.5

Additional paid-in capital 182,198,608 697,283 Up 26,029.8

Accumulated deficit -103,137,945 -82,268,850 Deterioration 25.4

Total stockholders' (deficit) equity 79,087,022 -81,570,609 Recovery

Total liabilities, redeemable convertible preferred stock and stockholders' (deficit) equity 84,688,613 42,392,926 Up 99.8

## BALANCE SHEET

| Currency in USD | 2014-06-30 | 2013-12-31 | Change % |
|-----------------|------------|------------|----------|
|-----------------|------------|------------|----------|

Assets

## PERFORMANCE RATIOS

|                     | 2014-06-30 | 2013-06-30 | Change %           |
|---------------------|------------|------------|--------------------|
| Return on Equity(%) | -26.42     | -14.72     | Deterioration 79.5 |
| Return on Assets(%) | -24.68     | -13.69     | Deterioration 80.2 |

## PER SHARE FIGURES

|     | 2014-06-30 | 2013-06-30 | Change %            |
|-----|------------|------------|---------------------|
| EPS | -98.0c     | -35.0c     | Deterioration 180.0 |

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