

Sage Therapeutics (SAGE : US\$28.95)

Sage Therapeutics increases 3% in 2014

Sage Therapeutics Inc, NASDAQ's 9th largest healthcare-products company by market cap, has now increased 96.0c (or 3.4%) year to date in 2014 to close at US\$28.95. The volume YTD has been 0.2 times average trading of 45,372 shares. In 2014 the market cap has jumped US\$45.7 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:

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

Stock Summary

Sector	Healthcare-Products
Market Cap	US\$744.4 million
Shares Outstanding	25,711,926
ISIN	US78667J1088

MCap: A Historical Perspective

	Share Price (USD)	Market Cap (US\$)
Last	29.0	744.4 million

Analysis

Bullish Signals

- The Moving Average Convergence Divergence (MACD) indicator of 12-day Exponential Moving Average (EMA) of 28.95 minus the 26-day EMA of 28.91 is positive suggesting a bullish signal. Both the 12-day EMA as well as the 26-day EMA are rising, another bullish signal.

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 %	5.7	In Top 3%

Bearish Signals

- In the last 20 trading sessions there has been a net decline of 13.32%; the stock has retreated five times and the biggest one day decline was 4.9% on Sep 08.
- The current short volume is 1.9 times its own historical average of 0.04%. It climbed 4.4% from the previous day, soared 32.8% from a week ago and soared 601.5% 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:

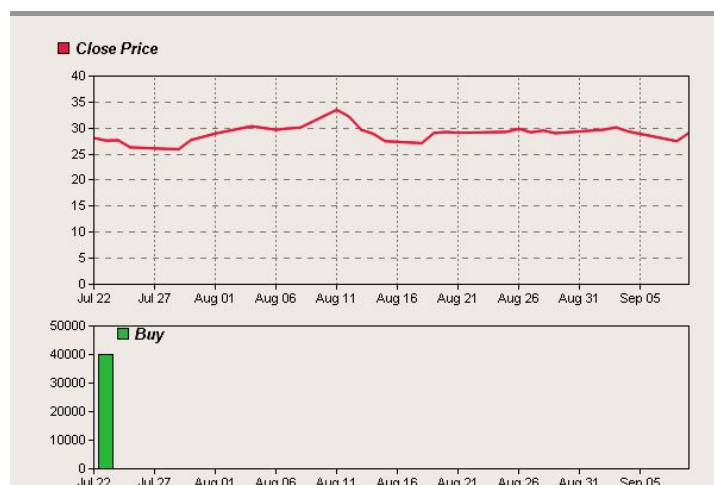
Description	Value	Rank In Market
Price/MAP50	0.77	In Bottom Quartile
Volatility %	11.1	In Bottom 5%

Note

Neutral Indicators and Rank in Market:

Description	Value	Rank In Market
MCap	US\$744.4 million	In 2nd Quartile

Insider Trades



Turnover Rate & Turnover Period



Trailing 3 months

Turnover	US\$44.3 million
Volume	1,542,399
Volume Index (1 is avg)	0.5

Price Volume Trend: Trailing Quarter



Recent Analyst Recommendations

Date	Brokerage	Action	Past Rating	Current Rating	Prev Target	Price Target
12-Aug-2014	Goldman Sachs	Initiated Coverage	-	Neutral	-	38
12-Aug-2014	Leerink Swann	Initiated Coverage	-	Outperform	-	46
12-Aug-2014	JPMorgan Chase & Co.	Initiated Coverage	-	Overweight	-	42
12-Aug-2014	Canaccord Genuity	Initiated Coverage	-	Buy	-	40

Reported Buying Selling by Insiders

Insider	Date	Transaction Type	No. of Shares	Price, US\$	Value, US\$
Paul Steven M	Jul 23, 2014	Bought	10,000	18	180,000
Kanes Stephen	Jul 23, 2014	Bought	3,000	18	54,000
Frates James M	Jul 23, 2014	Bought	5,000	18	90,000
Iguchi Kimi	Jul 23, 2014	Bought	6,000	18	108,000
Anderson Thomas	Jul 23, 2014	Bought	6,000	18	108,000
Robichaud Albert	Jul 23, 2014	Bought	4,000	18	72,000
Jonas Jeffrey M	Jul 23, 2014	Bought	6,000	18	108,000

Company Overview

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.

Regulatory Announcements

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

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

August 07: SAGE Therapeutics to Present at Canaccord Genuity 34th Annual Growth Conference

July 23: Sage Therapeutics insider buys

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

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

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

Issued Capital

Based on 25,711,926 issued equity shares the market capitalisation is US\$744.4 million.

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.

Financial Results (Annual)

31 December, 2013

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			
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			

Financial Results (Annual) (continued)

31 December, 2013

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
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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		
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Deficit accumulated during the development stage	-31,675	-13,394	Deterioration 136.5
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Total stockholders equity (deficit)	-31,536	-13,394	Deterioration 135.4
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Total liabilities, redeemable convertible preferred

stock and stockholders' equity (deficit)	8,532	2,995	Up 184.9
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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

Financial Results (Annual) (continued)

31 December, 2013

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

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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