

NephroGenex (NRX : US\$4.65)

NephroGenex plummets 61% in 2014, in bottom 6% of the market

NephroGenex Inc, NASDAQ's 71st largest medical company by market cap, has now plummeted US\$7.25 (or 60.9%) year to date in 2014 to close at US\$4.65. This loss means the stock has underperformed 94% of NASDAQ-listed stocks in 2014. The volume YTD has been 0.8 times average trading of 15,804 shares. Compared with the NASDAQ-100 Index which has risen 20.2% YTD, this represents a relative price change of -81.1%. In 2014 the market cap has declined US\$64.1 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 to 200-day MAP ratio is 0.68, a bearish indicator.
- The Q Ratio, defined by James Tobin as MCap divided by Total Assets, is 15.7. Compared with the rest of the market the stock is overvalued and ranks in the bottom 2% of stocks by value of Q Ratio.
- In the last three months the number of falls outnumbered rises 33:24 or 1.38:1.
- It is trailing 75.79% of the market the past 6 months.

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

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

Stock Summary

Sector	Medical
Market Cap	US\$41.2 million
Shares Outstanding	8,861,614
ISIN	US6406671015
Relative Strength (3 mo)	43

Financial Summary

Year ended	Dec 2013	Dec 2012	Dec 2011
Pretax (USD)	-	-	(1.85M)
Net (USD)	(6.3047M)	(2.9042M)	(1.85M)
EPS (USD)	(19.71)	(9.08)	(0.21)

MCap: A Historical Perspective

	Share Price (USD)	Market Cap (US\$)
Last	4.6	41.2 million

Analysis

Bearish Signals

- The price is at a premium of 0.7% to the 1-month volume weighted average price (VWP) of US\$4.62. Given that this premium has been under 0.7% one hundred seventy-six times and over 0.7% thirty-eight times in the last year, the downside:upside probability is estimated at 176:38 or 4.6:1.
- Falls to Rises: In the last three months the number of falls outnumbered rises 33:24 or 1.38:1.
- In the last 6 trading sessions there has been a net decline of 1.69%; the stock has retreated eleven times and the biggest one day decline was 4.5% on Dec 22.
- In the NASDAQ market of 2,417 stocks traded today, the stock has a 6-month relative strength of 24 indicating it is trailing 76.0% of the market.
- The price to 200-day MAP ratio is 0.68, a bearish indicator. In the past 200 days this ratio has been under 0.68 39 times suggesting further downside.

Overvaluation:

- The Q Ratio, defined by James Tobin as MCap divided by Total Assets, is 15.7. Compared with the rest of the market the stock is overvalued and ranks in the bottom 2% of stocks by value of Q Ratio.

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 to 0.1; Total shares on issue unchanged.

Bearish Indicators and Rank in Market:

Description	Value	Rank In Market
Relative Strength (6M)	24	In Bottom Quartile
Price Change %	-1.9	In Bottom Quartile
%Prem To Vol Wtd Price	0.7	In Bottom Quartile
Price/MAP200	0.68	In Bottom Quartile
Turnover in Quarter	US\$3.6 million	In Bottom Quartile
MCap	US\$41.2 million	In Bottom Quartile
Price/MAP50	0.41	In Bottom 2%

Note

Bullish Signals:

- The Moving Average Convergence Divergence (MACD) indicator of 12-day Exponential Moving Average (EMA) of 4.75 minus the 26-day EMA of 4.68 is positive suggesting a bullish signal.
- The Price/MAP of 0.68 for NRX is higher than the Price/MAP for the NASDAQ-100 Index of 0.4.
- The stock is oversold according to the Williams % R indicator of -94.4.

Other Bullish Signals:

- Return on Assets is negative but improving in recent years.

Annual Trend:

[Year ended, all figures in %]:

Year	ROA
Dec 13	-240.7
Dec 12	-796.9

Bullish Indicators and Rank in Market:

Description	Value	Rank In Market
P/E * P/NTA	18.97	In Top Quartile

Insider Trades



Analysis (continued)

Turnover Rate & Turnover Period



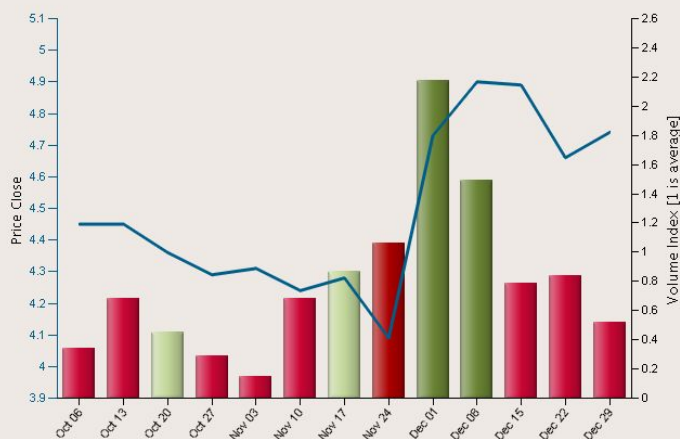
Trailing 3 months

Turnover	US\$3.6 million
Volume	788,199
Volume Index (1 is avg)	0.8

Price Volume Trend: Trailing Quarter

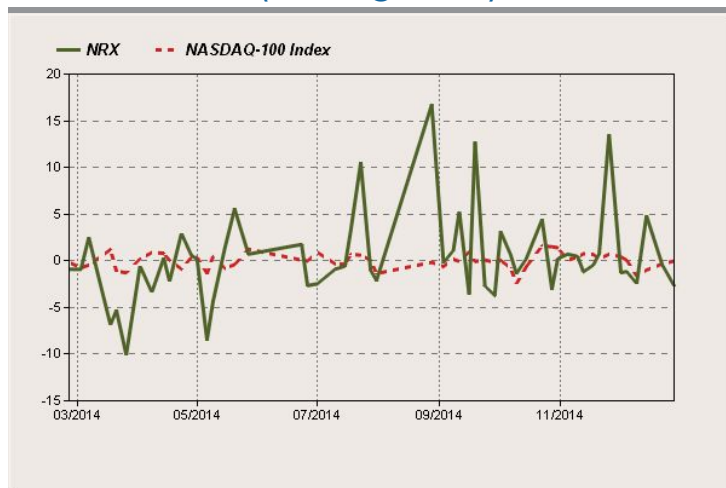


Weekly Price Volume Dynamics (Last 12 Weeks)

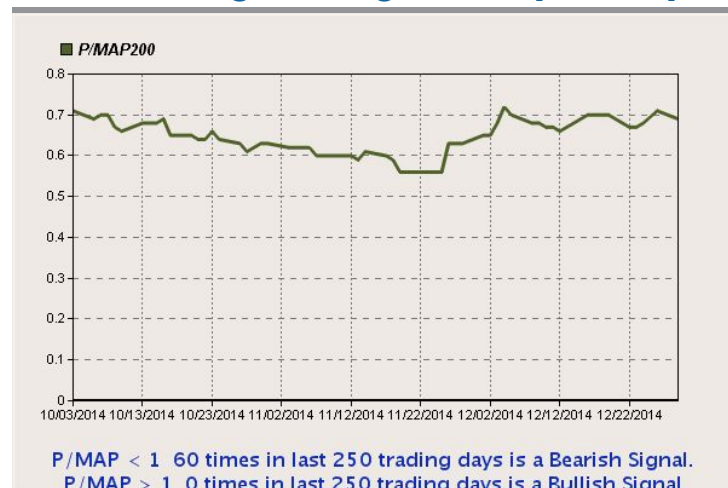


- Price increase fuelled by above average Volume
- Price increase on below average Volume
- Price decrease fuelled by above average Volume
- Price decrease on below average Volume
- Price unchanged on above average Volume
- Price unchanged on below average Volume
- Untraded

Stock v Index (Trailing Year)



Price/Moving Average Price [P/MAP]



Company Overview

Activities

NephroGenex, Inc. develops novel drugs for the treatment of kidney disease. The Company is developing a small molecule drug that acts as an inhibitor of the pathogenic oxidative chemistries which are elevated in diabetic patients.

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

Regulatory Announcements

Directors Option Buying

December 15 2014: NephroGenex Director awarded Options to Purchase Common Stock

NephroGenex, Peterson Bob, has been awarded Options to Purchase Common Stock on 33,500 shares at an exercise price of US\$4.67. The exercise date is between December 12, 2018 and December 12, 2015.

November 20 2014: NephroGenex Announces Closing of \$12 Million Term Loan Facility

[News Story] RESEARCH TRIANGLE PARK, N.C.--(BUSINESS WIRE)-- NephroGenex, Inc. (Nasdaq:NRX), a pharmaceutical company focused on the development of therapeutics to treat kidney disease, announced today that it has closed on a \$12 million term loan facility with East West Bank. Funds from the term loan will be utilized for working capital purposes, including the advancement of the Company's clinical development programs.

Terms of the \$12 million loan facility include an immediate \$7 million draw, with the additional \$5 million available upon the achievement of certain milestones before the end of May 2015.

[For more details click here.](#)

November 13 2014: NephroGenex, Inc. Announces Presentation at the American Society of Nephrology's Kidney Week 2014

[News Story]

PHILADELPHIA-- NephroGenex, Inc.(Nasdaq:NRX), a pharmaceutical company focused on the development of therapeutics to treat kidney disease, announced the presentation of the novel design of its Phase 3 Pyridorin PIONEER clinical program at the American Society of Nephrology (ASN) Kidney Week meeting held here November 11-16, 2014.

"Our poster presentation at the ASN highlights the key outcomes from our Phase 2 studies with Pyridorin in diabetic nephropathy, and how they informed the design of our pivotal Phase 3 study launched earlier this year," said Pierre Legault, Chief Executive Officer of NephroGenex.

[For more details click here.](#)

Financial Results

November 13 2014: NephroGenex Reports Third Quarter 2014 Financial Results

[News Story]

<http://www.nasdaq.com/aspx/stockmarketnewsstoryprint.aspx?storyid=nephrogenex-reports-third-quarter-2014-financial-results-20141112-01428>

Source: Nasdaq Stock Exchange
[For more details click here.](#)

Conferences/Exhibitions

October 31 2014: NephroGenex to Participate in Two Healthcare Conferences in November

[News Story]

RESEARCH TRIANGLE PARK, N.C.-- NephroGenex, Inc.(NASDAQ:NRX), a pharmaceutical company focused on the development of therapeutics to treat kidney disease, today announced that Chief Executive Officer, Pierre Legault will present a corporate overview of the Company and meet with investors at the Bio-Europe(Registered) 2014 healthcare conference in Frankfurt, Germany.

The presentation will take place on Tuesday, November 4 at 9:45am local time.

Later in the month, NephroGenex will attend the American Society of Nephrology (ASN) Kidney Week 2014 in Philadelphia, where the Company's poster, "Rationale and Study Design of Pyridoxamine dihydrochloride (Pyridorin) In Type 2 Diabetic Nephropathy," will be posted.

[For more details click here.](#)

Board and Management

October 01 2014: NephroGenex Appoints Marco Taglietti, M.D. to Board of Directors

RESEARCH TRIANGLE PARK, N.C. NephroGenex, Inc.(NASDAQ:NRX), a pharmaceutical company focused on the development of therapeutics to treat kidney disease, today announced the appointment of Marco Taglietti, M.D., to its Board of Directors. Dr. Taglietti has more than 20 years of experience in senior leadership positions in pharmaceutical research and development, most recently at Forest Laboratories, Inc.

"Dr.

[For more details click here.](#)

Company Overview (continued)

October 01 2014: NephroGenex to Present at the 13th Annual Bio Investor Forum

[News Story] RESEARCH TRIANGLE PARK, N.C NephroGenex, Inc.(NASDAQ:NRX), a pharmaceutical company focused on the development of therapeutics to treat kidney disease, today announced that Pierre Legault, Chief Executive Officer, will present a corporate overview of the Company and meet with investors at the 13th annual Bio Investor Forum at the Palace Hotel in San Francisco.

The presentation will take place on Tuesday, October 7 at 3:30pm PDT.

The BIO Investor Forum is an international biotech investor conference focused on early and established private companies as well as emerging public companies.

Later this month, Mr.

[For more details click here.](#)

8-K people news

October 01: NephroGenex appoints Marco Taglietti as director 09 October 2014

NephroGenex has appointed Marco Taglietti as Director. The appointment takes effect from Oct 01, 2014.

8-K other news

December 11: NephroGenex: Regulation FD Disclosure

[News Story]

http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1338095_000110465914086155_0001104659-14-086155.txt

Source: 8-K United States Securities and Exchange Commission

November 20: NephroGenex: Entry into a Material Definitive Agreement

[News Story]

http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1338095_000110465914082412_0001104659-14-082412.txt

Source: 8-K United States Securities and Exchange Commission

November 12: NephroGenex: Results of Operations and Financial Condition

[News Story]

http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1338095_000133809514000044_0001338095-14-000044.txt

Source: 8-K United States Securities and Exchange Commission

September 15: NephroGenex: Entry into a Material Definitive Agreement

[News Story]

http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1338095_000133809514000024_0001338095-14-000024.txt

Source: 8-K United States Securities and Exchange Commission

August 29: NephroGenex: Regulation FD Disclosure

[News Story]

http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1338095_000133809514000018_0001338095-14-000018.txt

Source: 8-K United States Securities and Exchange Commission

August 11: NephroGenex: Results of Operations and Financial Condition

[News Story]

http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1338095_000133809514000009_0001338095-14-000009.txt

Source: 8-K United States Securities and Exchange Commission

June 20: NephroGenex: Other Events

[News Story]

http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1338095_000110465914047459_0001104659-14-047459.txt

Source: 8-K United States Securities and Exchange Commission

Conference Call-transcripts

To view Conference Call-transcripts, [click here](#)

13 Nov, 2014: NephroGenex (NRX) CEO Pierre Legault on Q3 2014 Results - Earnings Call Transcript

Issued Capital

Based on 8,861,614 issued equity shares the market capitalisation is US\$41.2 million.

The top seven shareholders hold 17.7% of the issued capital leaving a float of 82.3%.

Source

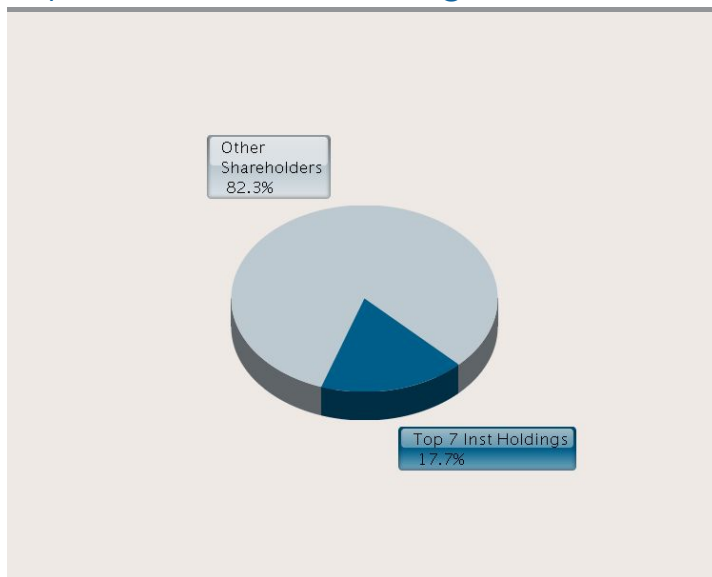
Www.BuySellSignals.com

Company Overview (continued)

Top 7 Shareholders

Name of Shareholder	No. of Shares	% Held
Rho Capital Partners Inc	1,326,826	14.97
Lmr Partners Llp	150,000	1.69
Knoll Capital Management Lp	50,000	0.56
First Western Capital Management Co	23,900	0.27
First New York Securities Llc /Ny	19,550	0.22
Tower Research Capital Llc	2,255	0.03
Ubs Ag	236	0
Total	1,572,767	17.75

Top 7 Institutional Holdings



Board and Management

Wesley Fox CEO & President

Dr. J. Wesley Fox is the President, Chief Executive Officer and Member of the Board of Directors of BioStratum, Inc. He has over ten years of experience in establishing and developing healthcare start-up companies. He is a founder of RiboGene, Inc., Hayward, California, and a Founder of EnzyMed, Inc., Iowa City, Iowa. Prior to founding RiboGene and EnzyMed, he held product development positions at IDEXX Laboratories, Portland, Maine and Abbott Laboratories.

Pierre Legault CEO

Pierre Legault joined NephroGenex in October 2013 as Chief Executive Officer and has been a member of the Company's Board of Directors since November 2012. Mr. Legault formerly served as CEO of Prosidion Ltd., a mid-size U.K. biotechnology firm. Mr. Legault has also served as Executive VP, Chief Financial Officer and Treasurer of OSI Pharmaceuticals, Senior Executive VP and Chief Administrative Officer of Rite Aid Corporation, and President of the Eckerd Group, with overall managerial responsibilities for the Brooks Eckerd operations in the U.S. Mr. Legault also held several senior positions with Sanofi-Aventis and predecessor companies. Mr. Legault has served on the boards of Forest Laboratories, Inc. and Cyclacel Pharmaceutical Inc. He studied at McGill University, University of Montreal (HEC) and the Harvard Business School, and holds a Six Sigma Green Belt, a BAA, MBA, CA and CPA diploma.

Richard J. Markham Chairman

Mr. Richard J. Markham is the Chairman of the Board for NephroGenex, Inc and he is also a Partner at Care Capital LLC. Prior to that, he was the Vice Chairman of the Management Board and Chief Operating Officer of Aventis. Previously he was the Chief Executive Officer of Aventis Pharma, the Chief Executive Officer of Hoechst Marion Roussel, and the President and Chief Operating Officer of Marion Merrell Dow, Inc. and a member of its board of directors. He served with Merck & Co., Inc., as President and Chief Operating Officer. Prior to this role, he has held a number of positions, starting as a professional representative and then becoming District Manager, Product Manager and Director, Executive Director and then Vice President of Marketing for the Merck Sharp & Dohme Division. He has received a Bachelor of Science in Pharmacy and Pharmacal Sciences from Purdue University and has served as a member of the Dean's Advisory Council of the university. He has also been awarded an honorary Doctor of Science degree.

John P. Hamill CFO

John P. Hamill joined NephroGenex as Chief Financial Officer in January 2014. Previously, he served as Co-President and Chief Financial Officer of Savient Pharmaceuticals, Inc. and as Senior Vice President and Chief Financial Officer of Savient. Mr. Hamill has also served as a financial consultant for various private companies. From 2001 until 2009, Mr. Hamill worked for PharmaNet Development Group, Inc., where he served as Executive Vice President and Chief Financial Officer from 2006 until 2009. Mr. Hamill earned a B.S. with a dual major in Accounting/Business and Computer Science from DeSales University (formerly Allentown College of St. Francis de Sales) in 1986. He is a Certified Public Accountant and is affiliated with the Pennsylvania Institute of Certified Public Accountants and the American Institute of Certified Public Accountants.

Board and Management (continued)

James Mitchum Director

Mr. James Mitchum is Director of the Company. From 2009 to July 2012, Mr. Mitchum served as President of the Americas for EUSA Pharma (USA), Inc., where he oversaw the streamlining of that business as well as the development, FDA approval and successful launch of a pediatric oncology drug in 2011. From 2005 to 2008, Mr. Mitchum served as President and Chief Executive Officer of Enturia, Inc., a privately owned drug-device company, based in Kansas City, Missouri. From 2004 to 2005, Mr. Mitchum served as the President and Chief Executive Officer of Sanofi-Aventis Group Japan. Mr. Mitchum has also served as a director on numerous private company and organization boards. Mr. Mitchum earned an MBA in Business from the University of Tennessee in Knoxville, Tennessee and a Bachelor of Science degree in Business and Math from Milligan College in Johnson City, Tennessee.

Marco Taglietti Director

Prior to its recent acquisition, Dr. Taglietti served as Executive Vice President, Research and Development, and Chief Medical Officer of Forest Laboratories, Inc. He also served as President, Chief Medical Officer of the Forest Research Institute. Prior to joining Forest Laboratories, Inc. in 2007, Dr. Taglietti held the position of Senior Vice President, Head of Global Research and Development, at Stiefel Laboratories, Inc. for three years. He joined Stiefel Laboratories, Inc. after 12 years at Schering-Plough Corporation where he last held the position of Vice President, Worldwide Clinical Research for Anti-Infectives, Oncology, CNS, Endocrinology and Dermatology. Dr. Taglietti began his career at Marion Merrell Dow Research Institute. Over the course of his career, he has brought to market 35 different products in the U.S. and internationally. Dr. Taglietti is on the Board of Directors of TransCelerate BioPharma Inc. He received his medical degree and board certifications from the University of Pavia in Italy.

Creation of shareholder value in NephroGenex:

Since appointment as Director: The present value of USD1,000 invested on the appointment date of October 01, 2014 at close price of US\$4.49 is US\$1,036, for a capital gain of US\$36.

Bob Peterson Vice President of Product Development

Bob Peterson was named Vice President of Product Development and Regulatory Affairs of NephroGenex in 2009. He has over 27 years of product development experience in the pharmaceutical and cardiovascular implant industry. Prior to joining the Company, Mr. Peterson served as Director of Research and Development of Cardiopolymers, Inc. (currently LoneStar Heart Inc.), where he oversaw development of novel biopolymer therapy for heart failure. From 1999 to 2006, Mr. Peterson served as Director of Product Development for BioStratum, Inc., where he led development of biopharma candidates from concept to early clinical trials. From 1986-1999 he led the development of a line of vascular and endovascular grafts at Baxter International.

Financial Results (Quarterly)

30 September, 2014

INCOME STATEMENT

Currency in Thousand of USD	2014-09-30	2013-09-30	Change %
Expenses:			
Research and development	3,077	449	Up 585.3
General and administrative	1,350	230	Up 487.0
Total expenses	4,427	679	Up 552.0
Loss from operations	-4,427	-679	Deterioration 552.0
Other income (expense):			
Change in value of preferred stock warrants		-95	
Interest expense		100	
Interest income	12		
Net loss	-4,415	-874	Deterioration 405.1
Net loss per share - basic and diluted	-50.0c	-273.0c	Reduced 81.7
Weighted average shares outstanding - basic and diluted	8,855,114	319,882	Up 2,668.2

CASH FLOW

Currency in Thousand of USD	2014-09-30	2013-09-30	Change %
Assets			
Current assets			
Cash and cash equivalents	8,016	2,132	Up 276.0
Short-term investments	18,606		
Prepaid expenses and other assets	332	12	Up 2,666.7
Total current assets	26,954	2,144	Up 1,157.2
Property and equipment, net	15	11	Up 36.4
Deferred initial public offering costs		461	
Other assets	183	4	Up 4,475.0
Total assets	27,152	2,620	Up 936.3
Liabilities and Stockholders' Equity (Deficit)			
Current liabilities			
Accounts payable	1,442	48	Up 2,904.2
Accrued and other liabilities	1,518	1,858	Down 18.3
Preferred stock warrant liability		6,983	
Convertible notes payable		7,917	
Total current liabilities	2,960	16,806	Down 82.4
Stockholders' equity (deficit)			
SeriesA preferred stock:.001 par value; 32,690,676 shares authorized; 0 and 23,688,396 shares issued and outstanding as of September 30, 2014 and December31, 2013, respectively		24	

Financial Results (Quarterly) (continued)

30 September, 2014

Preferred stock;.001 par value; 5,000,000 shares authorized; no shares issued and outstanding

Common stock;.001 par value; 100,000,000 shares authorized; 9 8,855,114 and 319,882 shares issued and outstanding as of September 30, 2014 and December31, 2013, respectively

Additional paid-in capital	76,733	26,789	Up 186.4
Accumulated other comprehensive loss	-13		
Accumulated deficit	-52,537	-40,999	Deterioration 28.1
Total stockholders' equity (deficit)	24,192	-14,186	Recovery
Total liabilities and stockholders' equity (deficit)	27,152	2,620	Up 936.3

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For further details on definitions and quotations from investing legends, [Click here](#)

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