

# Neothetics Inc

Ticker: NEOT

Country: US

Currency: USD Exchange: NSQ

Industry: Pharmaceuticals

Buy

	Current (\$)	1W (\$)	1W (%)	LW (\$)
Close price	8.82	-0.63 ▼	-6.66 %	9.45
Target price	14.29	-0.02 ▼	-0.13 %	14.31

Neothetics, Inc. is a clinical-stage specialty pharmaceutical company. The Company develops therapeutics for the aesthetic market. The Company's initial focus is on localized fat reduction and body contouring. The Company's lead product candidate LIPO-202 is an injectable treatment for the reduction of central abdominal bulging due to subcutaneous fat in non-obese patients. The Company has completed Phase II development of LIPO-202. LIPO-202 is administered in a subcutaneous injection procedure that activates a natural metabolic process to shrink fat cells, without killing them, resulting in localized fat reduction, measurable results within four weeks and minimal risk with no downtime. The Company is also developing another product candidate LIPO-102, an injectable form of a combination of salmeterol xinafoate and fluticasone propionate.



Ratios	This week	Last week
Close price	8.82 ▼	9.45
High	8.88 ▼	9.55
Low	8.44 ▼	9.07
Beta	- -	-
Market cap	121 M ▼	129 M
Volume	- ▼	-
P/S ratio	- -	-
P/E ratio	- -	-
P/B ratio	1.84 x ▼	1.98 x
DPS yield	- -	-
EV/EBITDA	- -	-

(Unit : \$)

## Headline

Created at	Type	Title
2015/10/06	reuters.com	BRIEF-Neothetics says issuance by USPTO of additional patent directed to lipo-202 lead clinical asset
2015/09/30	reuters.com	BRIEF-Neothetics initiates study to evaluate the safety of LIPO-202
2015/09/08	reuters.com	BRIEF-Neothetics enrolls last patient for subcutaneous abdominal fat reduction clinical trials

## Rating and Target Price

(Unit : \$)

Target price	Last week	Weight
<b>Buy</b>	<b>14.29</b>	
<b>Valuation analysis</b>		
<b>Undervalued</b>	<b>Undervalued</b>	
Target price	10.62	10.68 +37 %
<b>Analysts consensus</b>		
<b>Outperform</b>	<b>Outperform</b>	
Target price	16.50	16.50 +63 %
<b>Retail consensus</b>		
Target price	-	-

## Analyst projections(2015)

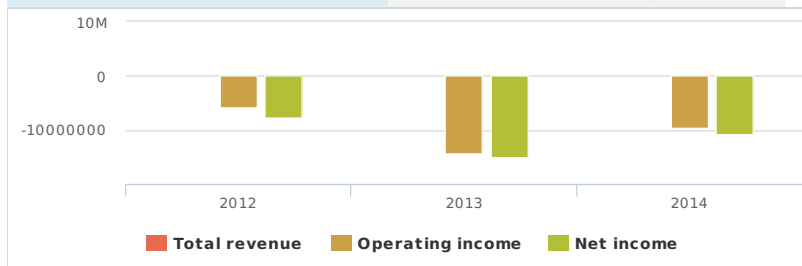
(Unit : \$)

	Consensus	vs.LFY	High	Low	Participants
Revenue	0 M	-	0 M	0 M	3
EPS	-3.88	+27.64 %	-3.29	-4.75	3
DPS	0.00	-	0.00	0.00	1

## Income Statement Summary

(Unit : \$)

	2012	2013	2014
Revenue	0 M	0 M	0 M
Operating income	-5 M	-14 M	-9 M
Net income	-7 M	-15 M	-10 M



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# Neothetics Inc

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## Valuation analysis

<b>Undervalued</b>	based on	Target price	Potential	(Last week)	<b>Undervalued</b>	based on	Target price
	P/B ratio	10.62 \$	+20.40 %			P/B ratio	10.68 \$

### Overall results

Neothetics Inc is considered undervalued in both of its historical (KPI: P/B ratio) and peer (KPI: P/B ratio) comparison analysis. As a result, this stock is considered 'undervalued'. However Neothetics Inc would be considered 'overvalued' if its price exceeded 10.62 \$. Disclaimer: The fact that Neothetics Inc is considered "undervalued" by the analysis does not mean that its price will rise in the future. Monitor the net assets of Neothetics Inc closely and keep an eye on its external environment to support your investment decision.

### Recent figures (3 months)

(Unit : \$)

	Curr.	Ø	Max.	Min.
Price	8.82	10.30	13.51	7.79
Volume	40,369	62,612	292,200	13,530
Market cap	121 M	140 M	184 M	106 M

		Sales (P/S ratio)	Profit (P/E ratio)	BookValue (P/B ratio)	Dividend (DPS yield)	Cash-flow (EV/EBITDA)
Valuation analysis		-	-	1.84 x	-	-
Historical comparison	Result			undervalued		
	Average	-	-	2.22 x	-	-9.18 x
	Importance	Low	Low	High	Low	Low
Peer comparison	Result			undervalued		
	Average	-	-	6.52 x	-	-
	Adjusted	-	-	3.68 x	-	-
	Correlation	-	-	0.44	-	-
	Importance	Low	Low	High	Low	Low

### Historical comparison

Currently, Neothetics Inc is considered 'undervalued' by the analysis because its P/B ratio is lower than its historical average.

### Peer comparison

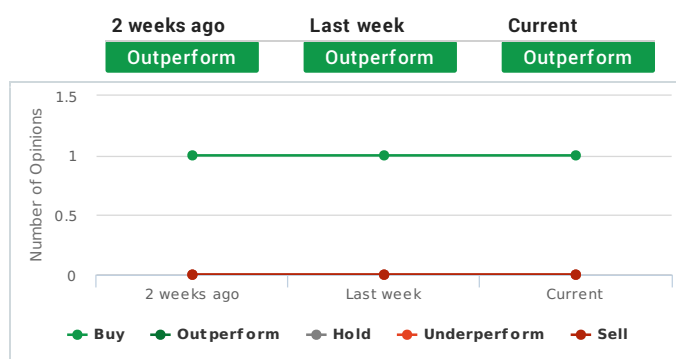
On the other hand, the P/B ratio of this stock tends to have a high correlation with the average of domestic companies in the same industry. As a result, many investors may estimate the trend of its net assets by comparing the company with domestic companies in the same industry. And Neothetics Inc tended to trade at a discount in the past compared to its peers. As a result, this stock is considered 'undervalued' based on a peer comparison.

## Analysts consensus

<b>Outperform</b>	Target price	Potential
	16.50 \$	+87.07 %

(Last week)

<b>Outperform</b>	Target price
	16.50 \$



### Valuation

#### Based on analyst projections

	Consensus	Low	High	Domestic(Ø)	Global(Ø)
PSR	-	-	-	82.97 x	18.18 x
PER	-2.27 x	-2.68 x	-1.85 x	29.76 x	36.87 x

#### Based on last year's results

	Neothetics Inc	Domestic(Ø)	Global(Ø)
P/S ratio	-	8.59 x	6.92 x
P/E ratio	-	28.42 x	52.87 x

# Neothetics Inc

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## Industry average (domestic): Pharmaceuticals w/Top 3 market cap

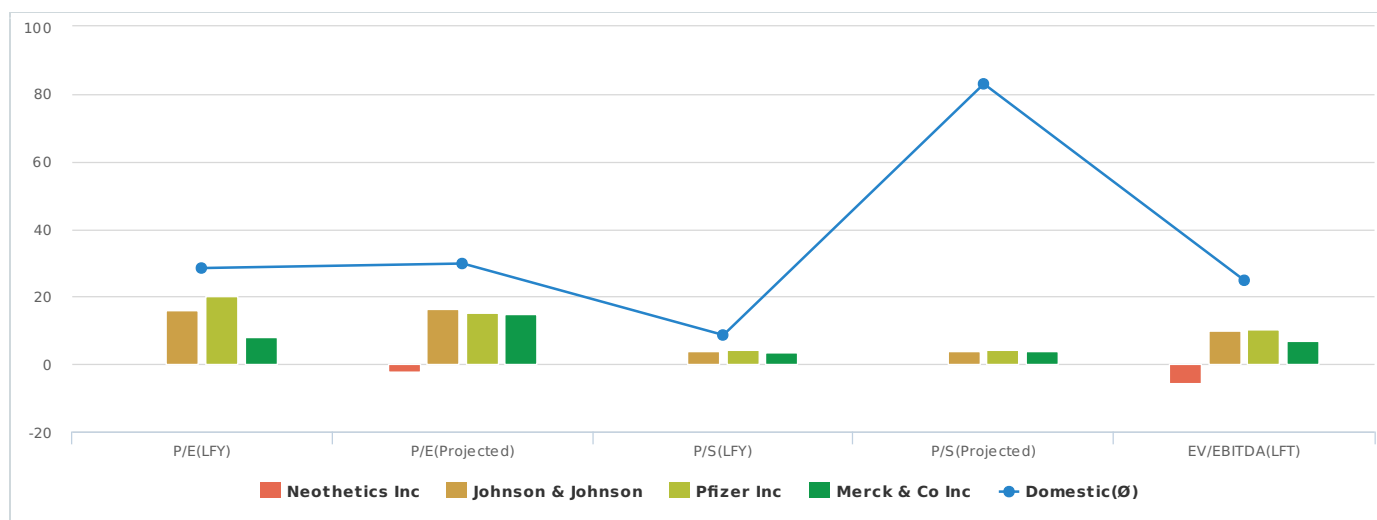
### Rating & Valuation

(Unit : \$)

		Neothetics Inc	Johnson & Johnson [JNJ/US]	Pfizer Inc [PFE/US]	Merck & Co Inc [MRK/US]	Domestic(Ø)
Close price		8.82	99.88	33.27	53.03	-
Valuation analysis	Rating	Undervalued	-	Overvalued	Undervalued	-
	Target price	10.62	-	31.93	57.91	-
	Potential	+20.49 %	-	-4.01 %	+9.21 %	-
Analysts consensus	Rating	Outperform	Outperform	Outperform	Outperform	-
	Target price	16.50	108.07	40.26	62.41	-
	Potential	+87.07 %	+8.20 %	+21.03 %	+17.69 %	-
Retail consensus	Rating	-	-	-	-	-
	Target price	-	-	-	-	-
	Potential	-	-	-	-	-
Market cap		121 M	276,362 M	205,375 M	148,141 M	3,757 M
EnterpriseValue		54 M	262,033 M	205,935 M	153,825 M	3,804 M
P/E ratio	last FY (norm.)	-	15.79 x	20.05 x	7.87 x	28.42 x
	projected	-2.27 x	16.15 x	15.12 x	14.88 x	29.76 x
PSR	last FY	-	3.71 x	4.14 x	3.50 x	8.59 x
	projected	-	3.93 x	4.25 x	3.74 x	82.97 x
EV/EBITDA(LFT)		-5.73 x	9.96 x	10.19 x	6.83 x	24.79 x

### Fundamentals

		Neothetics Inc	Johnson & Johnson	Pfizer Inc	Merck & Co Inc	Domestic(Ø)
Sales	last FY	0 M	74,331 M	49,605 M	42,237 M	1,518 M
	projected	0 M	70,172 M	48,286 M	39,580 M	1,645 M
	vs last FY	-	-5.59 %	-2.65 %	-6.28 %	-
Income before tax	last FY	-10 M	20,563 M	12,240 M	17,283 M	647 M
	projected	-53 M	-	-	-	305 M
	vs last FY	-	-	-	-	-
EBITDA(LFY)		-9 M	26,305 M	20,198 M	22,497 M	881 M
Book value(LFY)		65 M	69,752 M	71,301 M	48,647 M	843 M



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## Industry average (worldwide): Pharmaceuticals Market cap Top3

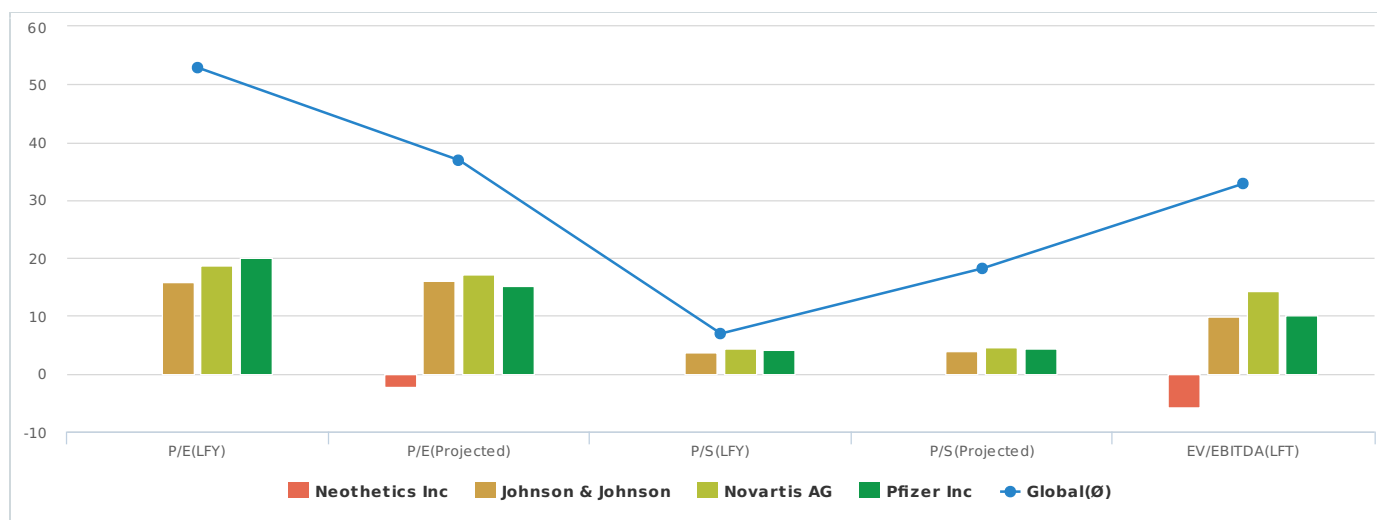
### Rating & Valuation

(Unit : \$)

		Neothetics Inc	Johnson & Johnson [JNJ/US]	Novartis AG [NOVN/CH]	Pfizer Inc [PFE/US]	Global(Ø)
Close price		8.82	99.88	86.51	33.27	-
Valuation analysis	Rating	Undervalued	-	Undervalued	Overvalued	-
	Target price	10.62	-	254.79	31.93	-
	Potential	+20.49 %	-	+194.51 %	-4.01 %	-
Analysts consensus	Rating	Outperform	Outperform	Outperform	Outperform	-
	Target price	16.50	108.07	109.87	40.26	-
	Potential	+87.07 %	+8.20 %	+27.00 %	+21.03 %	-
Retail consensus	Rating	-	-	-	-	-
	Target price	-	-	-	-	-
	Potential	-	-	-	-	-
Market cap		121 M	276,362 M	233,102 M	205,375 M	2,065 M
EnterpriseValue		54 M	262,033 M	239,958 M	205,935 M	121,118 M
P/E ratio	last FY (norm.)	-	15.79 x	18.62 x	20.05 x	52.87 x
	projected	-2.27 x	16.15 x	17.15 x	15.12 x	36.87 x
PSR	last FY	-	3.71 x	4.34 x	4.14 x	6.92 x
	projected	-	3.93 x	4.57 x	4.25 x	18.18 x
EV/EBITDA(LFT)		-5.73 x	9.96 x	14.29 x	10.19 x	32.85 x

### Fundamentals

		Neothetics Inc	Johnson & Johnson	Novartis AG	Pfizer Inc	Global(Ø)
Sales	last FY	0 M	74,331 M	53,633 M	49,605 M	557 M
	projected	0 M	70,172 M	50,653 M	48,286 M	824 M
	vs.LFY	-	-5.59 %	-5.55 %	-2.65 %	-
Income before tax	last FY	-10 M	20,563 M	12,272 M	12,240 M	137 M
	projected	-53 M	-	14,215 M	-	179 M
	vs.LFY	-	-	+16.55 %	-	-
EBITDA(LFY)		-9 M	26,305 M	16,791 M	20,198 M	203 M
Book value(LFY)		65 M	69,752 M	70,766 M	71,301 M	539 M



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## Financials

### Income statement

(Unit : M\$)

	2012	2013	2014
Revenue	0	0	0
Total revenue	0	0	0
Selling general administrative expenses total	2	2	4
Research and development	3	11	5
Total operating expense	5	14	9
Operating income	-5	-14	-9
Interest income or expense net non operating	-2	-0	-1
Other net	0	-0	0
Income before tax	-7	-15	-10
Income after tax	-7	-15	-10
Net income before extra items	-7	-15	-10
Net income	-7	-15	-10
Diluted net income	-7	-15	-10
Income available to common excl extra items	-7	-15	-10
Income available to common incl extra items	-7	-15	-10
Diluted weighted average shares	13	13	2

### Balance sheet summary

(Unit : M\$)

	2012	2013	2014
Cash and equivalents	11	4	75
Cash and short term investments	11	4	75
Prepaid expenses	1	0	0
Total current assets	12	4	76
Property plant equipment total gross	0	-	0
Accumulated depreciation total	-0	-	-0
Property plant equipment total net	0	0	0
Other long term assets total	0	-	-
Total assets	12	4	76
Accounts payable	0	0	0
Accrued expenses	0	0	0
Current port of lt debt capital leases	0	0	0
Total current liabilities	1	1	1
Long term debt	0	0	9
Total long term debt	0	0	9
Other liabilities total	1	2	0
Total liabilities	3	3	11
Preferred stock non redeemable net	51	57	0
Additional paid in capital	2	2	134
Retained earnings or accumulated deficit	-43	-58	-69
Total equity	9	0	65
Total liabilities and shareholders equity	12	4	76
Total debt	0	0	9

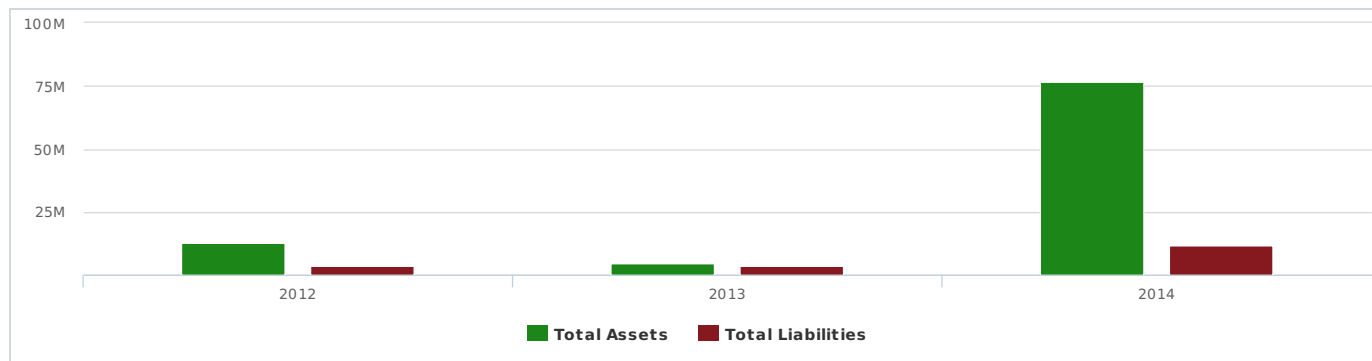
### Cash flow summary

(Unit : M\$)

	2012	2013	2014
Net income starting line	-7	-15	-10
Depreciation depletion	0	0	0
Non cash items	2	0	1
Cash interest paid	0	0	0
Changes in working capital	-1	1	-0
Cash from operating activities	-7	-12	-9
Capital expenditures	0	-0	-0
Other investing cash flow items total	0	0	0

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Cash from investing activities	0	0	-0
Issuance or retirement of stock net	10	6	13
Issuance or retirement of debt net	2	-0	9
Cash from financing activities	12	6	81
Financing cash flow items	-	-	57
Net change in cash	5	-6	71



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# Neothetics Inc

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## Corporate profile

### Company profile

Business summary	Neothetics, Inc. is a clinical-stage specialty pharmaceutical company. The Company develops therapeutics for the aesthetic market. The Company's initial focus is on localized fat reduction and body contouring. The Company's lead product candidate LIPO-202 is an injectable treatment for the reduction of central abdominal bulging due to subcutaneous fat in non-obese patients. The Company has completed Phase II development of LIPO-202. LIPO-202 is administered in a subcutaneous injection procedure that activates a natural metabolic process to shrink fat cells, without killing them, resulting in localized fat reduction, measurable results within four weeks and minimal risk with no downtime. The Company is also developing another product candidate LIPO-102, an injectable form of a combination of salmeterol xinafoate and fluticasone propionate.
Financial summary	BRIEF: For the nine months ended 30 September 2015, Neothetics Inc revenues was not reported. Net loss increased from \$7.9M to \$33.6M. Higher net loss reflects Research and Development Expense - Bal increase from \$3.1M to \$27M (expense), General and Administrative Expense - Bal increase of 67% to \$4.8M (expense), Interest Expense increase from \$163K to \$845K (expense).
Homepage	<a href="http://www.neothetics.com">http://www.neothetics.com</a>
Address	9171 Towne Centre Dr Ste 270 SAN DIEGO CA
Public contact	
Phone number	1-858-7501008
Contact phone number	
Contact email	<a href="mailto:info@neothetics.com">info@neothetics.com</a>

### Management

Rank	Name	Position	Since	Age
1	George W. Mahaffey	Chairman of the Board, President, Chief Executive Officer	2013	56
2	Susan A. Knudson	Chief Financial Officer	2014-7	51
3	Kenneth W. Locke	Chief Scientific Officer	2008-5	58
4	Christopher Kemmerer	Vice President - Pharmaceutical Development and Manufacturing	2008-4	50
5	Lincoln Krochmal	Chief Medical Officer	2013-11	68

On December 31, 2014 Neothetics Inc had 10 Employees.

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## Historical Charts

M3 Chart



Historical data

(Unit : \$)

	High	Low	Volume
2015/08/17 -	14.05	11.99	466,913
2015/08/24 -	12.55	11.02	96,915
2015/08/31 -	12.21	11.13	150,930
2015/09/07 -	12.87	11.38	165,492
2015/09/14 -	12.87	11.59	226,491
2015/09/21 -	12.99	8.96	503,226
2015/09/28 -	9.50	7.62	380,865
2015/10/05 -	10.78	8.33	452,695
2015/10/12 -	8.94	8.12	203,905
2015/10/19 -	9.13	8.04	244,381
2015/10/26 -	8.88	7.83	282,220
2015/11/02 -	10.08	7.95	467,674
2015/11/09 -	10.30	8.20	380,172
During	14.05	7.62	-

Y1 Chart

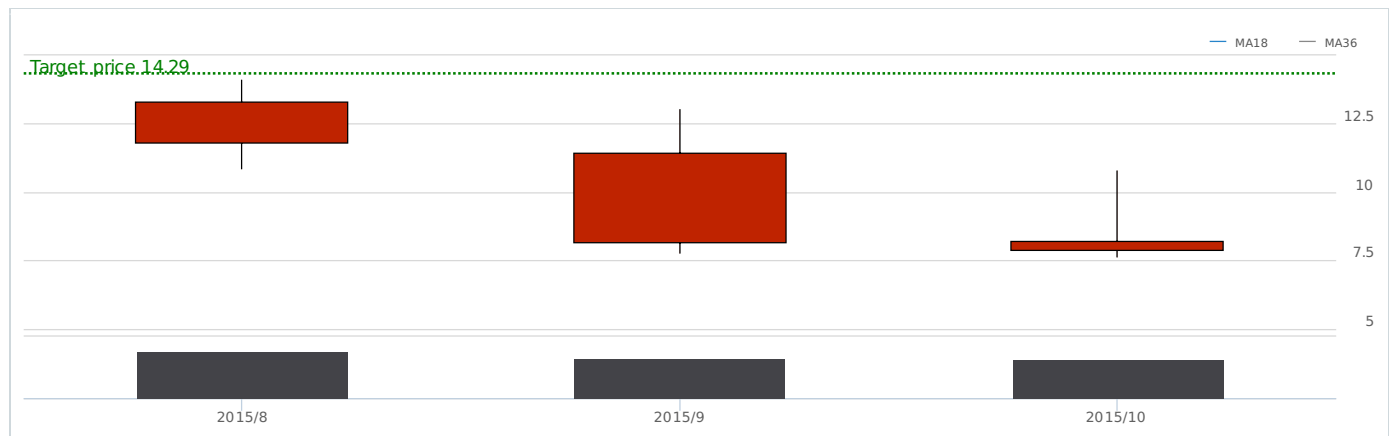


Historical data

(Unit : \$)

	High	Low	Volume
2015/08/01 -	14.05	10.80	1,487,585
2015/09/01 -	12.99	7.77	1,318,432
2015/10/01 -	10.78	7.62	1,271,242
During	14.05	7.62	-

Y5 Chart



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