

Genocea Biosciences (GNCA : US\$18.75)

Genocea Biosciences climbs 12.1% in second quarter, outperforming 83% of the market

Genocea Biosciences Inc, NASDAQ's 34th largest medical company by market cap, climbed US\$2.03 (or 12.1%) in the quarter ended June 30 to close at US\$18.75. This gain means the stock has outperformed 83% of NASDAQ-listed stocks in quarter ended June 30. The volume in the quarter was 0.8 times the average trading of 75,627 shares. Compared with the NASDAQ-100 Index which rose 191.1 points (or 5.2%), this represents a relative price increase of 6.9%. In the second quarter the market cap jumped US\$40.9 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

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.
- "Current ratio of two or more"; current assets are 2.9 times current liabilities.

Stock Summary

Sector	Medical
Market Cap	US\$322.9 million
Shares Outstanding	17,220,000
Relative Strength (3 mo)	83

Financial Summary

Year ended	Dec 2013	Dec 2012	Dec 2011
Sales (USDm)	0.7	2	1.8
Pretax (USDm)	(20.8)	(13.4)	(14.7)
Net (USDm)	(22.4)	(15.2)	(16.3)

MCap: A Historical Perspective

	Share Price (USD)	Market Cap (\$)
Last	18.8	322.9 million

Analysis

Bearish Signals

- In the last 9 trading sessions there has been a net decline of 1.11%; the stock has retreated eleven times and the biggest one day decline was 7.8% on Jun 25.
- The current short volume is 1.8 times its own historical average of 0.1%.

Other Bearish Signals:

The stock has a score of merely 2 out of 9 set by Joseph Piotroski [pass mark ≥ 5]:

Improvement in long-term debt to total assets from 0.2 to 0.6;
Total shares on issue unchanged.

Bearish Indicators and Rank in Market:

Description	Value	Rank In Market
Price Change %	-2.2	In Bottom Quartile
Price/MAP50	0.61	In Bottom 7%
Annual Revenue	US\$730,000	In Bottom 1%
Total Debt to Equity	6.8	In Bottom 1%

Note

Neutral Indicators and Rank in Market:

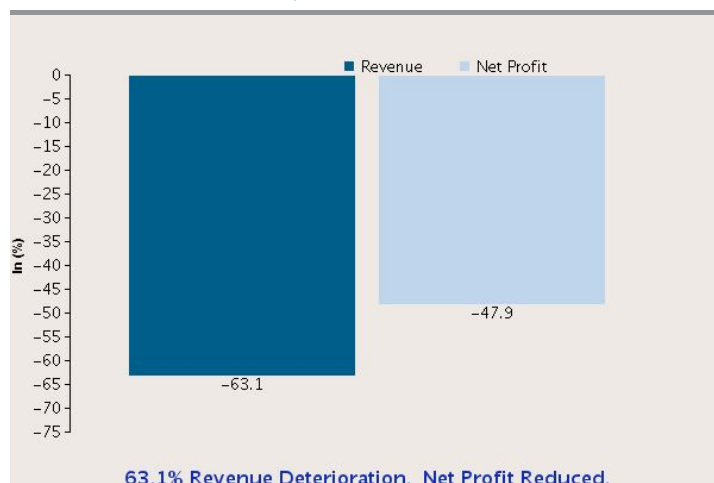
Description	Value	Rank In Market
MCap	US\$322.9 million	In 3rd Quartile
Turnover in Quarter	US\$72.2 million	In 3rd Quartile

Bullish Signals:

- The price is at a discount of 7.7% to the 1-month volume weighted average price of US\$20.31, which may appeal as a value proposition.
- The Moving Average Convergence Divergence (MACD) indicator of 12-day Exponential Moving Average (EMA) of 19.66 minus the 26-day EMA of 19.47 is positive suggesting a bullish signal.
- The stock is oversold according to the Williams % R indicator of -84.1.

Other Bullish Signals:

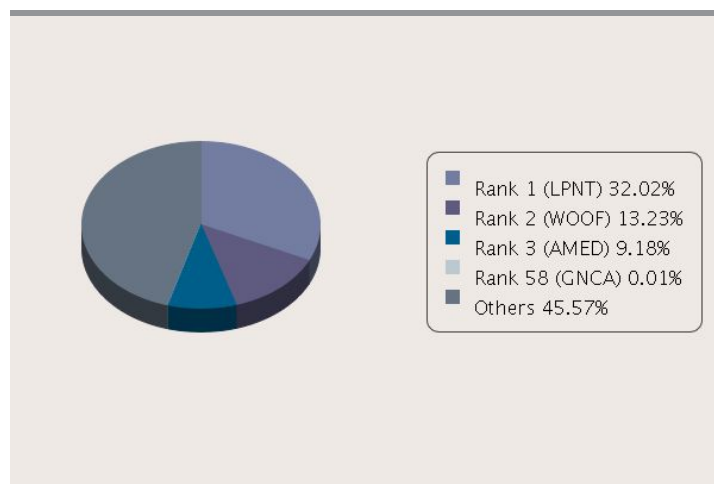
% Growth Y.O.Y, Revenue & Net Profit



Also, the following criteria set by Benjamin Graham:

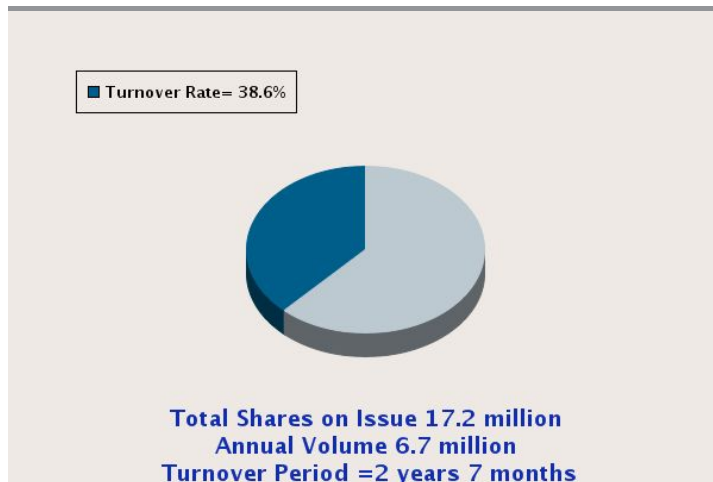
- "Current ratio of two or more"; current assets are 2.9 times current liabilities.

Revenue Share Medical



Analysis (continued)

Turnover Rate & Turnover Period



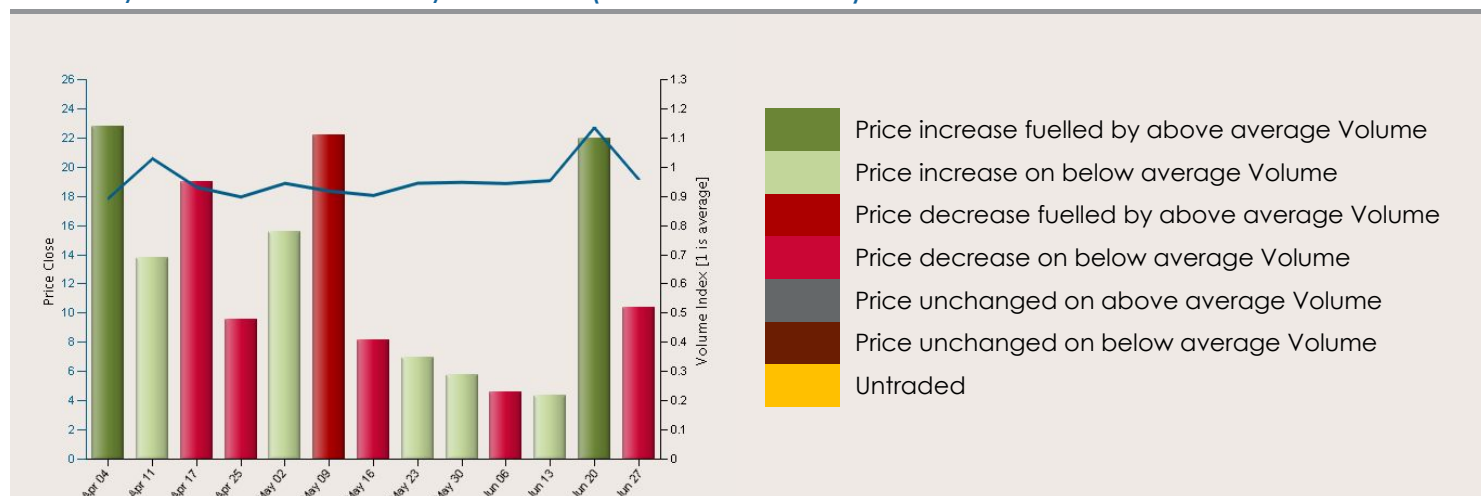
Trailing 3 months

Turnover	US\$72.2 million
Volume	3,780,967
Volume Index (1 is avg)	0.8

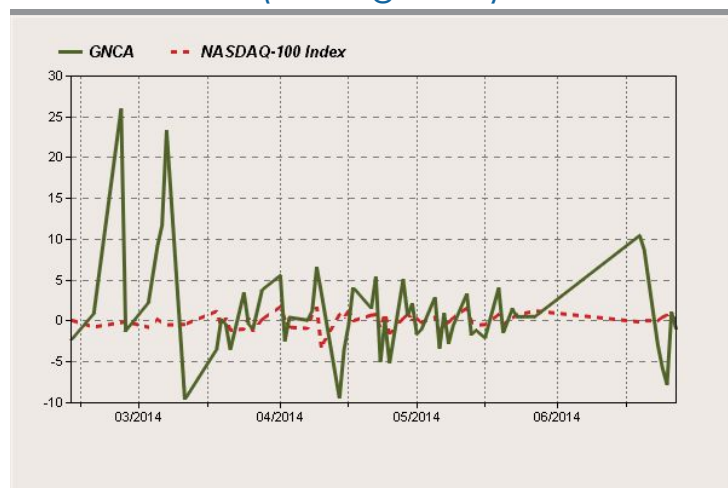
Price Volume Trend: Trailing Quarter



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)
Regulus Therapeutics	8.04	67	347	844	18	-24	123
Antares Pharma	2.66	5	346	654	21	-26	89
Five Prime Therapeutics	15.55	-	332	-	14	-30	82
Genocea Biosciences	18.75	-	323	-	1	-22	16
Amarin Corporation	1.76	43	304	304	39	-130	252
Galectin Therapeutics	13.81	97	303	3,523	-	-15	11

Company Overview

Activities

Genocea Biosciences, Inc. discovers and develops vaccines that address infectious diseases such as pneumococcus, chlamydia trachomatis, malaria, and herpes simplex virus 2. Genocea Biosciences operates in the United States.

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

Regulatory Announcements

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

June 23: Genocea Announces Positive Top-Line Phase 1 Results for Novel Universal Pneumococcus Vaccine Candidate GEN-004

May 06: Genocea Reports First Quarter 2014 Financial Results

April 29: Genocea to Announce First Quarter 2014 Financial Results on May 6, 2014

April 24: GENOCEA Co-Founder Receives TIME Magazine's TIME 100 Honor

April 07: Genocea Biosciences appoints Chief Financial Officer

April 02: Genocea to Present at the Needham & Company 13th Annual Healthcare Conference

April 01: Genocea Added to Russell 3000(Registered) and Russell 2000(Registered) Indices

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

June 23: Genocea Biosciences: Regulation FD Disclosure

Issued Capital

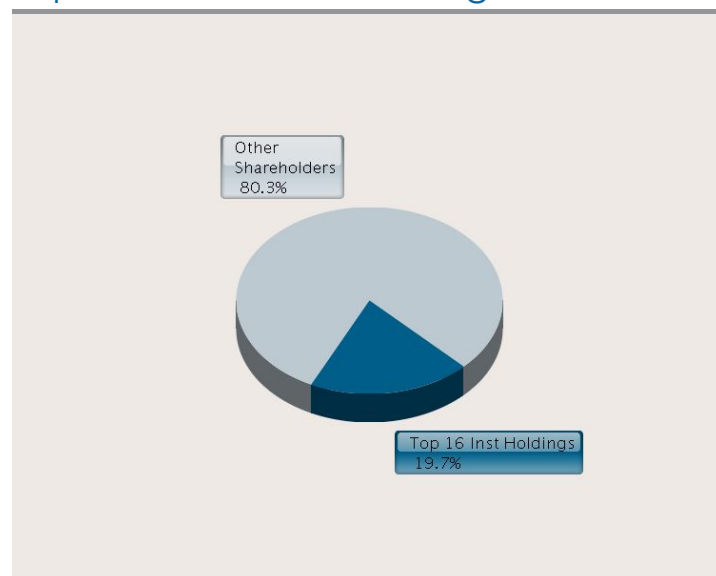
Based on 17,220,000 issued equity shares the market capitalisation is US\$322.9 million. It is NASDAQ's 69th largest Medical company by assets.

The top sixteen shareholders hold 19.7% of the issued capital leaving a float of 80.3%.

Top 10 Shareholders

Name of Shareholder	No. of Shares	% Held
Polaris Venture Management Co. V L.L.C.	2,128,678	12.36
Deerfield Management Co	659,983	3.83
Jennison Associates Llc	200,000	1.16
Redmile Group Llc	125,244	0.73
Blackrock Fund Advisors	106,642	0.62
Barclays Global Investors Uk Holdings Ltd	49,932	0.29
Geode Capital Management Llc	33,464	0.19
Oppenheimer & Co Inc	28,620	0.17
State Street Corp	24,641	0.14
Morgan Stanley	13,264	0.08
Total	3,370,468	19.57

Top 16 Institutional Holdings



Board and Management

Jonathan Poole CFO

Prior to joining Genocera, Mr. Poole was senior vice president of finance for pipeline and technical operations, leading finance support for Shire's global business development, R&D and technical operations activities. Mr. Poole previously served for three years as divisional CFO of Shire HGT, Shire's \$1.5 billion rare disease division. He began his career in the UK in investment banking at UBS Warburg and ING Barings and also worked as an investment manager for Avanti Capital Plc, a UK private equity investment firm. Mr. Poole has a MBA from London Business School and a BSc in biological sciences from Durham University in the UK.

Creation of shareholder value in Genocera Biosciences:

Since appointment as CFO: The present value of USD1,000 invested on the appointment date of April 07, 2014 at close price of US\$17.89 is US\$1,048, for a capital gain of US\$48.

Financial Results (Quarterly)

31 March, 2014

INCOME STATEMENT

Currency in Thousand of USD	2014-03-31	2013-03-31	Change %
Grant revenue		259	
Operating expenses:			
Research and development	4,407	3,980	Up 10.7
General and administrative	1,966	810	Up 142.7
Total operating expenses	6,373	4,790	Up 33.0
Loss from operations	-6,373	-4,531	Deterioration 40.7
Other (expense) income:			
Change in fair value of warrant	-725	-6	Deterioration 11,983.3
Loss on debt extinguishment			
Interest expense, net	231	127	Up 81.9
Other (expense) income	-956	-133	Deterioration 618.8
Net loss	-7,329	-4,664	Deterioration 57.1
Comprehensive loss	-7,329	-4,664	Deterioration 57.1
Reconciliation of net loss to net loss attributable to common stockholders			
Net loss	-7,329	-4,664	Deterioration 57.1
Accretion of redeemable convertible preferred stock to redemption value	-180	-395	Reduced 54.4
Net loss attributable to common stockholders	-7,509	-5,059	Deterioration 48.4
Net loss per share attributable to common stockholders-basic and diluted	-76.0c	-1,709.0c	Reduced 95.6
Weighted-average number of common shares used in net loss per share attributa to common stockholders - basic and diluted	9,859,000	296,000	Up 3,230.7

BALANCE SHEET

Currency in Thousand of USD	2014-03-31	2013-12-31	Change %
Assets			
Current assets:			
Cash and cash equivalents	65,839	12,208	Up 439.3
Restricted cash	157	157	Steady
	65,996	12,365	Up 433.7
Prepaid expenses and other current assets	944	510	Up 85.1
Total current assets	66,940	12,875	Up 419.9
Property and equipment, net	814	865	Down 5.9
Restricted cash	316	158	Up 100.0
Other assets	143	1,863	Down 92.3
Total assets	68,213	15,761	Up 332.8
Liabilities, redeemable convertible preferred stock and stockholders' equity (deficit)			

Financial Results (Quarterly) (continued)

31 March, 2014

Current liabilities:			
Accounts payable	1,263	2,176	Down 42.0
Accrued expenses and other current liabilities	1,483	1,418	Up 4.6
Deferred revenue	12	12	Steady
Current portion of long-term debt	1,770	861	Up 105.6
Current portion of deferred rent	17	26	Down 34.6
Total current liabilities	4,545	4,493	Up 1.2
Non-current liabilities:			
Long-term debt, net of current portion	8,040	8,933	Down 10.0
Accrued interest payable	25	11	Up 127.3
Deferred rent, net of current portion	230	237	Down 3.0
Warrant to purchase redeemable securities		656	
Total liabilities	12,840	14,330	Down 10.4
Commitments and contingencies			
Redeemable convertible preferred stock:			
Seed convertible preferred stock, 0,001 par value;			
Authorized - 0 and 4,615 shares; Issued and outstanding - 0 and 4,615 shares at March 31, 2014 and December 31, 2013, respectively; aggregate liquidation preference of 0 and 3,000 at March 31, 2014 and December 31, 2013, respectively		3,000	
Series A redeemable convertible preferred stock, 0,001 par value;			
Authorized - 0 and 36,662 shares; Issued and outstanding - 0 and 35,577 shares at March 31, 2014 and December 31, 2013, respectively; aggregate liquidation preference of 0 and 23,125 at March 31, 2014 and December 31, 2013, respectively		23,125	
Series B redeemable convertible preferred stock, 0,001 par value;			
Authorized - 0 and 35,099 shares; Issued and outstanding - 0 and 34,581 shares at March 31, 2014 and December 31, 2013, respectively; aggregate liquidation preference of 0 and 24,937 at March 31, 2014 and December 31, 2013, respectively		24,937	
Series C redeemable convertible preferred stock, 0,001 par value;			
Authorized- 0 and 53,276 shares; Issued and outstanding - 0 and 52,586 shares at March 31, 2014 and December 31, 2013, respectively; aggregate liquidation preference of 0 and 30,500 at March 31, 2014 and December 31, 2013, respectively		30,500	
Stockholders' equity (deficit):			
Common stock, 0,001 par value;			
Authorize- 191,690 shares; Issued- 17,322 and 327 shares at March 31, 2014 and December 31, 2013, respectively; outstanding - 17,299 and 303 at March 31, 2014 and December 31, 2013, respectively			
Additional paid-in-capital	142,816		
Deficit accumulated during the development stage	-87,460	-80,131	Deterioration 9.1
Total stockholders' equity (deficit)	55,373	-80,131	Recovery
Total liabilities, redeemable convertible preferred stock and stockholders'	68,213	15,761	Up 332.8

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