

Flexion Therapeutics (FLXN : US\$13.48)

Flexion Therapeutics sinks 17.5% in second quarter, underperforming 86% of the market

Flexion Therapeutics Inc, NASDAQ's 47th largest medical company by market cap, sank US\$2.85 (or 17.5%) in the quarter ended June 30 to close at US\$13.48. This loss means the stock has underperformed 86% of NASDAQ-listed stocks in quarter ended June 30. The volume in the quarter was 0.6 times the average trading of 64,058 shares. Compared with the NASDAQ-100 Index which rose 191.1 points (or 5.2%), this represents a relative price change of -22.7%. In the second quarter the market cap declined US\$79.7 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:

- In the last three months the number of falls outnumbered rises 34:26 or 1.31:1.

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.
- "Total debt less than tangible book value"; total debt of \$US5.1 Million is less than tangible book value of \$US10.1 Million.

Stock Summary

| | |
|---------------------------------|-------------------|
| Sector | Medical |
| Market Cap | US\$210.4 million |
| Shares Outstanding | 15,608,014 |
| Relative Strength (3 mo) | 14 |

Financial Summary

| Year ended | Dec 2013 | Dec 2012 | Dec 2011 |
|---------------|----------|----------|----------|
| Pretax (USDm) | (18.2) | (15) | (11.4) |
| Net (USDm) | (18.2) | (15) | (11.4) |
| EPS (USD) | (1.23) | (8.26) | (0.78) |

MCap: A Historical Perspective

| | Share Price (USD) | Market Cap (\$) |
|------|-------------------|-----------------|
| Last | 13.5 | 210.4 million |

Analysis

Bearish Signals

- The current short volume is 1.7 times its own historical average of 0.1%.

Other Bearish Signals:

Bearish Indicators and Rank in Market:

| Description | Value | Rank In Market |
|------------------------|-------|--------------------|
| Volatility % | 5.7 | In Bottom Quartile |
| Price Change % | -2.0 | In Bottom Quartile |
| %Prem To Vol Wtd Price | 0.4 | In Bottom 8% |
| Price/MAP50 | 0.55 | In Bottom 4% |

Note

- The price is equal to its 1-month volume weighted average price of US\$13.43.

Neutral Indicators and Rank in Market:

| Description | Value | Rank In Market |
|---------------------|-------------------|-----------------|
| MCap | US\$210.4 million | In 3rd Quartile |
| Turnover in Quarter | US\$36.8 million | In 3rd Quartile |

Bullish Signals:

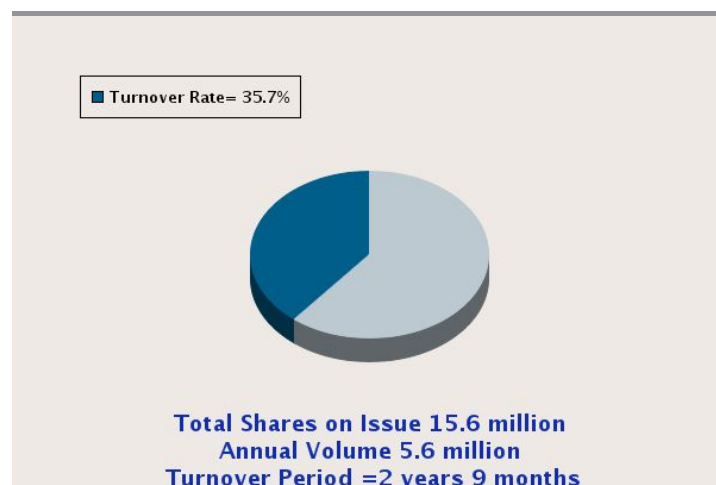
- In the last 12 trading sessions there has been a net rise of 5.81%; the stock has advanced ten times and the biggest one day rise was 15.8% on Jun 18.
- The Moving Average Convergence Divergence (MACD) indicator of 12-day Exponential Moving Average (EMA) of 13.47 minus the 26-day EMA of 13.1 is positive 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:

- "Total debt less than tangible book value"; total debt of \$US5.1 Million is less than tangible book value of \$US10.1 Million.
- "Current ratio of two or more"; current assets are 3.3 times current liabilities.
- "Total debt equal or less than twice the net quick liquidation value"; total debt of \$US5.1 Million is 0.4 times the net liquidation value of \$US11.57 Million.

Turnover Rate & Turnover Period



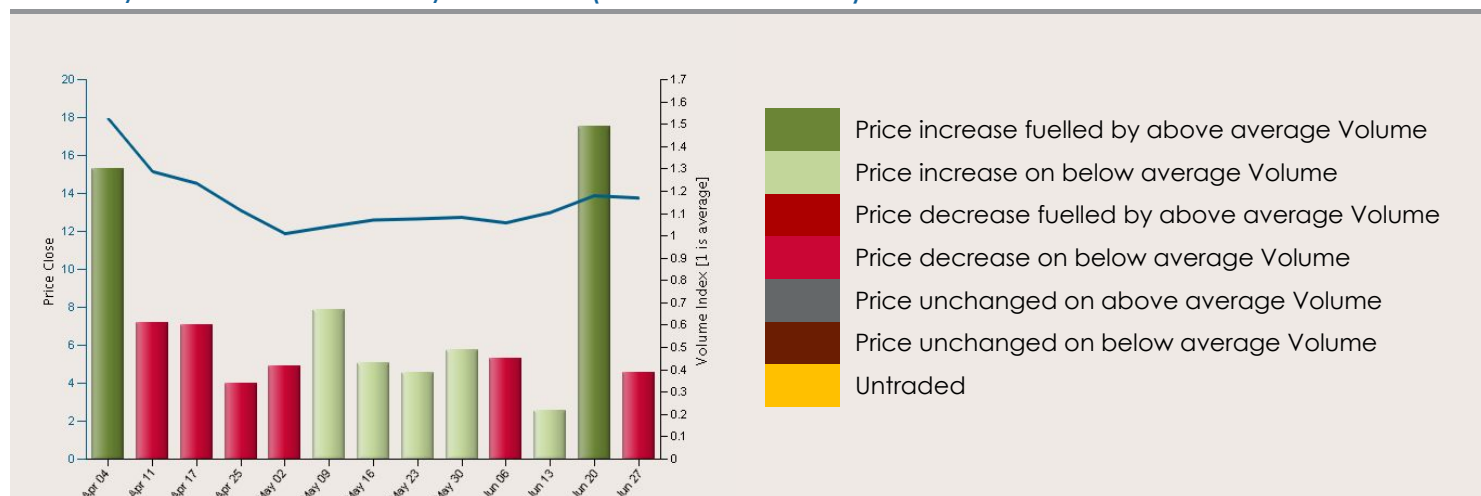
Trailing 3 months

| | |
|-------------------------|------------------|
| Turnover | US\$36.8 million |
| Volume | 2,618,429 |
| Volume Index (1 is avg) | 0.6 |

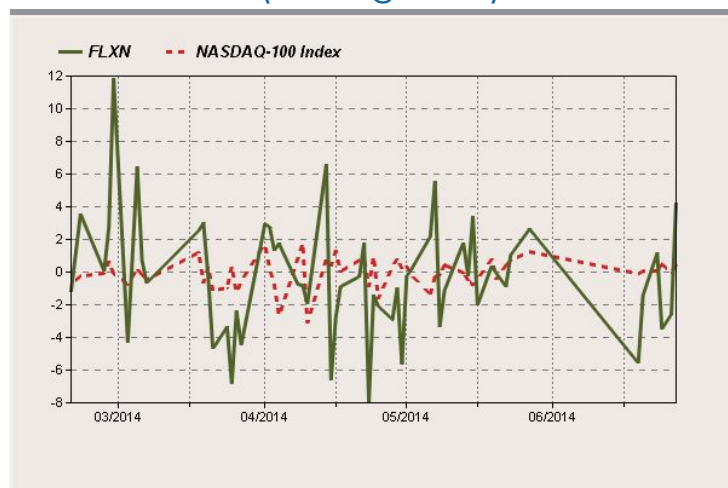
Price Volume Trend: Trailing Quarter



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) |
|----------------------|------------|------------------------------|-----------------|------------------|--------------------|-----------------------|-------------------------|
| Egalet | 13.12 | - | 226 | - | - | -20 | 20 |
| Flexion Therapeutics | 13.48 | - | 210 | - | - | -18 | 19 |

Company Overview

Activities

Flexion Therapeutics, Inc. discovers and develops therapeutics for musculoskeletal disorders. The Company offers pharmaceuticals and developed delivery systems for the treatment of refractory end-stage pain. Flexion Therapeutics operates in the United States.
Source: www.BuySellSignals.com

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

Regulatory Announcements

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

June 17: Flexion Therapeutics Announces Positive Topline Results From Phase 2a Pharmacokinetic Trial With Lead Compound FX006

June 12: Flexion Therapeutics appoints Director

June 11: Flexion Therapeutics to Present at Wells Fargo Securities Research, Economics & Strategy 2014 Healthcare Conference

May 27: Flexion Therapeutics to Present at the 2014 Jefferies Healthcare Conference

May 08: Flexion Therapeutics Reports First-Quarter 2014 Financial Results

May 01: Flexion Therapeutics to Report First Quarter 2014 Financial Results on May 8, 2014

April 30: Flexion Therapeutics Initiates a Phase 2b Confirmatory Dose-Ranging Trial With Lead Compound FX006

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

June 17: Flexion Therapeutics: Other Events

Issued Capital

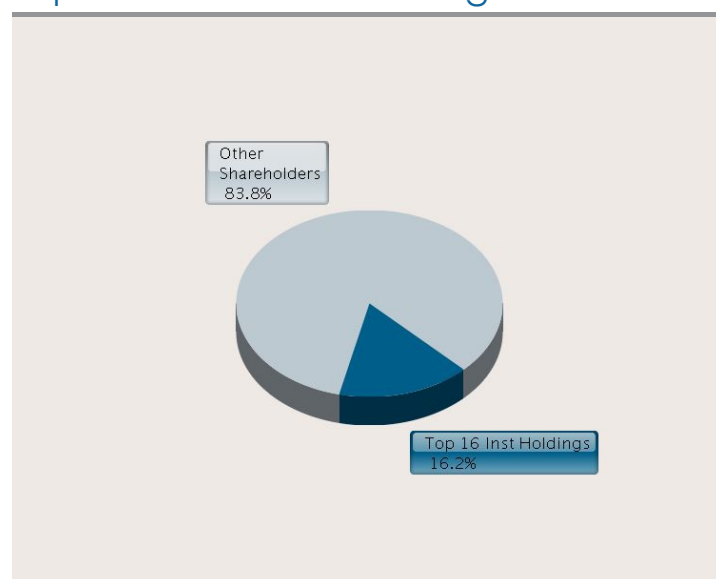
Based on 15,608,014 issued equity shares the market capitalisation is US\$210.4 million.

The top sixteen shareholders hold 16.2% of the issued capital leaving a float of 83.8%.

Top 10 Shareholders

| Name of Shareholder | No. of Shares | % Held |
|---|------------------|--------------|
| Jennison Associates Llc | 729,799 | 4.68 |
| Redmile Group Llc | 493,183 | 3.16 |
| Kingdon Capital Management L.L.C. | 400,900 | 2.57 |
| Visium Asset Management Lp | 287,000 | 1.84 |
| Fmr Llc | 170,606 | 1.09 |
| Opaleye Management Inc. | 135,500 | 0.87 |
| Sphera Funds Management Ltd. | 103,955 | 0.67 |
| Farallon Capital Management Llc | 50,000 | 0.32 |
| Barclays Global Investors Uk Holdings Ltd | 42,066 | 0.27 |
| Soros Fund Management Llc | 30,000 | 0.19 |
| Total | 2,443,009 | 15.65 |

Top 16 Institutional Holdings



Board and Management

Ann Merrifield
Director

Creation of shareholder value in Flexion Therapeutics:

Since appointment as Director: The present value of USD1,000 invested on the appointment date of June 11, 2014 at close price of US\$12.72 is US\$1,060, for a capital gain of US\$60.

Financial Results (Quarterly)

31 March, 2014

INCOME STATEMENT

| Currency in USD | 2014-03-31 | 2013-03-31 | Change % |
|---|------------|------------|--------------------|
| Revenue | | | |
| Operating expenses: | | | |
| Research and development | 4,150,847 | 3,186,696 | Up 30.3 |
| General and administrative | 2,283,913 | 1,520,943 | Up 50.2 |
| Total operating expenses | 6,434,760 | 4,707,639 | Up 36.7 |
| Loss from operations | -6,434,760 | -4,707,639 | Deterioration 36.7 |
| Other income (expense): | | | |
| Interest income | 30,758 | 118,772 | Down 74.1 |
| Interest expense | 111,667 | 108,333 | Up 3.1 |
| Other income (expense), net | -26,575 | -100,887 | Reduced 73.7 |
| Total other income (expense) | -107,484 | -90,448 | Deterioration 18.8 |
| Net loss | -6,542,244 | -4,798,087 | Deterioration 36.4 |
| Net loss attributable to common stockholders | -6,542,244 | -4,798,087 | Deterioration 36.4 |
| Net loss per share attributable to common stockholders, basic and diluted | -86.0c | -608.0c | Reduced 85.9 |
| Weighted average common shares outstanding, basic and diluted | 7,632,786 | 789,222 | Up 867.1 |

BALANCE SHEET

| Currency in USD | 2014-03-31 | 2013-12-31 | Change % |
|---|------------|------------|-------------|
| Assets | | | |
| Current assets: | | | |
| Cash and cash equivalents | 35,789,245 | 16,188,254 | Up 121.1 |
| Marketable securities | 42,723,190 | 250,047 | Up 16,986.1 |
| Prepaid expenses and other current assets | 845,164 | 181,962 | Up 364.5 |
| Total current assets | 79,357,599 | 16,620,263 | Up 377.5 |
| Property and equipment, net | 392,770 | 375,239 | Up 4.7 |
| Deferred offering costs | | 1,623,540 | |
| Other assets | 24,750 | 28,875 | Down 14.3 |
| Restricted cash | 128,000 | 128,000 | Steady |
| Total assets | 79,903,119 | 18,775,917 | Up 325.6 |
| Liabilities, Convertible Preferred Stock and Stockholders' Equity (Deficit) | | | |
| Current liabilities: | | | |
| Accounts payable | 1,783,489 | 1,279,874 | Up 39.3 |
| Accrued expenses and other current liabilities | 1,599,892 | 2,256,680 | Down 29.1 |
| Current portion of long-term debt | 2,000,000 | 1,500,000 | Up 33.3 |
| Total current liabilities | 5,383,381 | 5,036,554 | Up 6.9 |
| Long-term debt | 3,058,333 | 3,546,667 | Down 13.8 |
| Other long-term liabilities | 80,476 | 90,373 | Down 11.0 |
| Total liabilities | 8,522,190 | 8,673,594 | Down 1.7 |
| Commitments and contingencies | | | |

Financial Results (Quarterly) (continued)

31 March, 2014

Preferred Stock.001 par value; 10,000,000 and 0 shares authorized, at March 31, 2014 and December 31, 2013, respectively, and 0 shares issued and outstanding at March 31, 2014 and December 31, 2013, respectively

Convertible preferred stock (Series A and B), 0.001 par value; 0 and 73,780,250 shares authorized, 0 shares and 72,780,250 shares issued and outstanding, and aggregate liquidation preference of 0 and 75,043,464, at March 31, 2014 and December 31, 2013, respectively

74,806,213

Stockholders' equity (deficit):

Common stock, 0.001 par value; 100,000,000 and 94,000,000 shares authorized; 15,609,039 and 794,090 shares issued and outstanding, at March 31, 2014 and December 31, 2013, respectively

15,609

794

Up 1,865.9

Additional paid-in capital

144,069,881

1,458,503

Up 9,777.9

Accumulated other comprehensive income

842

-28

Recovery

Deficit accumulated during the development stage

-72,705,403

-66,163,159

Deterioration 9.9

Total stockholders' equity (deficit)

71,380,929

-64,703,890

Recovery

Total liabilities, convertible preferred stock, and stockholders' equity (deficit)

79,903,119

18,775,917

Up 325.6

BuySellSignals Financial Research provides equity research on over 48,000 companies listed in more than 90 countries and 120 markets across the world. BuySellSignals believes that every stock has a story to tell and that this story changes every day. To capture this story, BuySellSignals offers the latest pertinent and comprehensive information so that investors can make well-informed investment decisions.

BuySellSignals publishes equity research reports on each stock, sector and index daily to capture the latest market movements and sentiments. BuySellSignals eschews "hot tip" or headline investing in favour of high-quality, ultra-current, targeted technical and fundamental information including specific bullish and bearish signals for each stock. Insights that will guide you to the investments that are hard to find in today's hyperactive mainstream markets.

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

Disclaimer: While this document is based on information sources which are considered reliable, it has been prepared without consideration of your specific investment objectives, financial situation or needs, so you should carry out your own analysis or seek professional investment advice before an investment decision is made. The document contains unbiased, independent equities data from BuySellSignals (AFS Licence 222756) and News Bites Pty Ltd, who provide round the clock data on every Australian stock and sector. Neither BuySellSignals nor News Bites are brokers, and neither have an executing, corporate advisory or investment banking function. BuySellSignals and News Bites Pty Ltd, its directors, employees and consultants do not represent, warrant or guarantee, expressly or impliedly, that the information contained in this document is complete or accurate. The data is sourced from annual reports and company releases and may not be fully up to date. It should be used as a guide only.
