

## Dicerna Pharmaceuticals (DRNA : US\$18.51)

### Dicerna Pharmaceuticals continues downtrend, now plunges 49% in 2014

Dicerna Pharmaceuticals Inc, has now plummeted US\$17.85 (or 49.1%) year to date in 2014 to close at US\$18.51. This loss means the stock is amongst the bottom 3% of NASDAQ-listed stocks in 2014. The volume YTD has been 0.7 times average trading of 159,985 shares. Compared with the NASDAQ-100 Index which has risen 6.7% YTD, this represents a relative price change of -55.8%. In 2014 the market cap has declined US\$275.9 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.

**However, there are some reasons why we remain bearish on the stock for the long-term:**

- The Q Ratio, defined by James Tobin as MCap divided by Total Assets, is 6.6. Compared with the rest of the market the stock is overvalued and ranks in the bottom 6% of stocks by value of Q Ratio.

### Stock Summary

<b>Sector</b>	Total NASDAQ Market
<b>Market Cap</b>	US\$328.6 million
<b>Shares Outstanding</b>	17,755,204
<b>ISIN</b>	US2530311081
<b>Relative Strength (3 mo)</b>	1

### MCap: A Historical Perspective

	Share Price (USD)	Market Cap (\$)
Last	18.5	328.6 million

# Analysis

## Bullish Signals

- In the last 13 trading sessions there has been a net rise of 12.13%; the stock has advanced ten times and the biggest one day rise was 12.8% on Jun 10.
- The Moving Average Convergence Divergence (MACD) indicator of 12-day Exponential Moving Average (EMA) of 18.09 minus the 26-day EMA of 17.69 is positive suggesting a bullish signal. Both the 12-day EMA as well as the 26-day EMA are rising, another bullish signal.

## Undervaluation:

- The company is cash rich with Cash to Market Capitalisation at 14.2%.

## Other Bullish Signals:

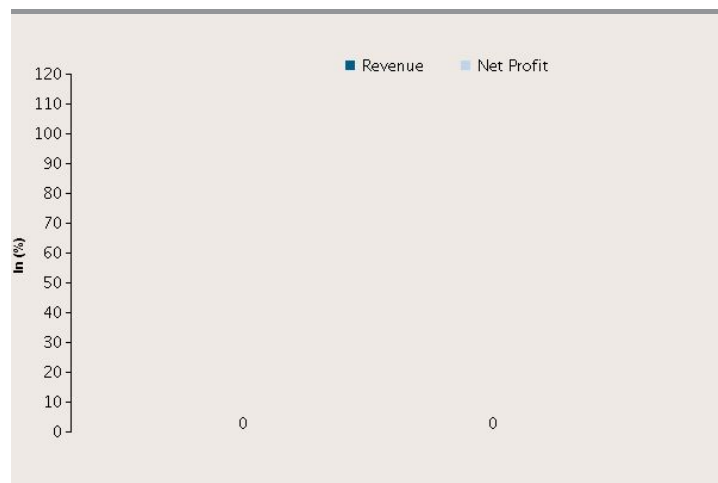
- Return on Assets is negative but improving in recent years.

## Annual Trend:

[Year ended, all figures in %]:

Year	ROA
Dec 13	-42
Dec 12	-139.5

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



Also, the following criteria set by Benjamin Graham:

- "A stock price down to two-thirds of "net current asset value" or "net quick liquidation value"; the price is 0 times net current asset value of \$US1486.8 per share.
- "Current ratio of two or more"; current assets are 6.3 times current liabilities.
- "Total debt equal or less than twice the net quick liquidation value"; total debt of \$US4.8 Million is 0.1 times the net liquidation value of \$US43.81 Million.

## Bullish Indicators and Rank in Market:

Description	Value	Rank In Market
Price Change %	3.1	In Top 9%

## Bearish Signals

- The price is at a premium of 4.6% to the 1-month volume weighted average price of US\$17.70. In the past year the premium has been greater than 4.6% just ten times, suggesting a topish level and cautious buying at the current price.
- The current short volume is 2.3 times its own historical average of 0.2%. It lifted 3.8% from the previous day, a bearish indicator.

## Overvaluation:

- The Q Ratio, defined by James Tobin as MCap divided by Total Assets, is 6.6. Compared with the rest of the market the stock is overvalued and ranks in the bottom 6% of stocks by value of Q Ratio.

## 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 1.6 to 6.3.

## Bearish Indicators and Rank in Market:

Description	Value	Rank In Market
Volatility %	5.5	In Bottom Quartile
Price/MAP50	0.45	In Bottom 2%

## Note

## Neutral Indicators and Rank in Market:

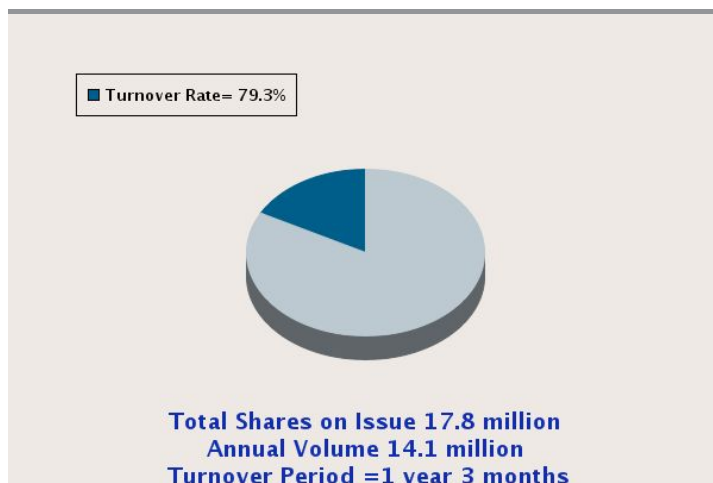
Description	Value	Rank In Market
Turnover in Quarter	US\$217 million	In 2nd Quartile
MCap	US\$328.6 million	In 3rd Quartile

## Analysis (continued)

### Insider Trades



### Turnover Rate & Turnover Period



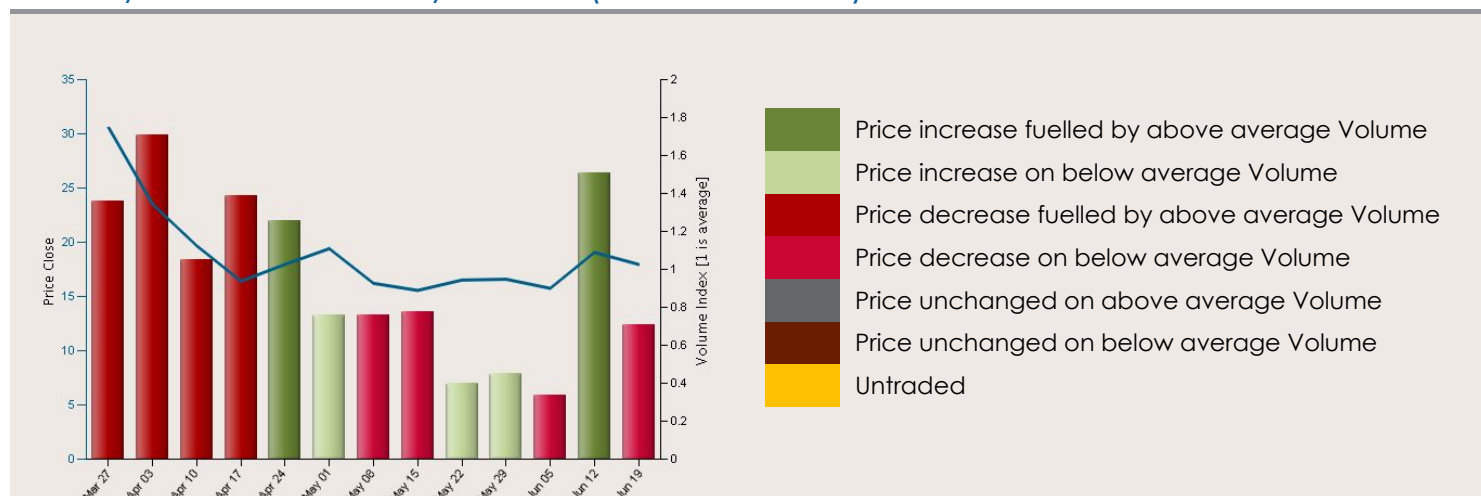
### Trailing 3 months

Turnover	US\$217 million
Volume	10,499,560
Volume Index (1 is avg)	1.0

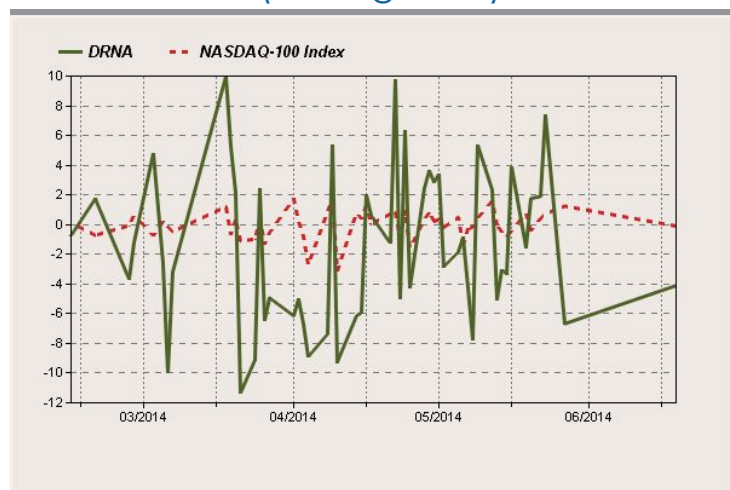
## Price Volume Trend: Trailing Quarter



## Weekly Price Volume Dynamics (Last 12 Weeks)



## Stock v Index (Trailing Year)



## Recent Analyst Recommendations

Date	Brokerage	Action	Past Rating	Current Rating	Prev Target	Price Target
14-May-2014	Stifel Nicolaus	Reiterated Rating	-	Buy	53	44
14-May-2014	Leerink Swann	Lower Price Target	-	Outperform	60	48

## Company Overview

### Activities

Dicerna Pharmaceuticals, Inc. provides biopharmaceutical products. The Company discovers and develops ribonucleic acid interference drugs for the treatment of rare inherited diseases involving the liver and for cancers that are genetically defined. Dicerna Pharmaceuticals offers its products to the medical industry around the world.

Further details can be found at [www.dicerna.com](http://www.dicerna.com).

### Regulatory Announcements

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

June 19: Dicerna Pharmaceuticals: Submission of Matters to a Vote of Security Holders

June 19: Dicerna to Present at the 9th Annual JMP Securities Healthcare Conference

May 23: Dicerna to Present at Upcoming Conferences

May 19: Dicerna Receives "Deal of the Year: Healthcare" Award at the 2nd Annual NEVY Awards Hosted by the New England Venture Capital Association

May 13: Dicerna Announces First Quarter 2014 Financial and Operational Results

May 08: Dicerna to Announce First Quarter 2014 Financial Results and Host Conference Call on May 13, 2014

April 18: Dicerna Pharmaceuticals Reports Inducement Grant Under NASDAQ Listing Rule 5635(c)(4)

To view 8-K people news for Dicerna-Pharmaceuticals, [click here](#)

June 19: Dicerna Pharmaceuticals Elects 7 Directors

### Issued Capital

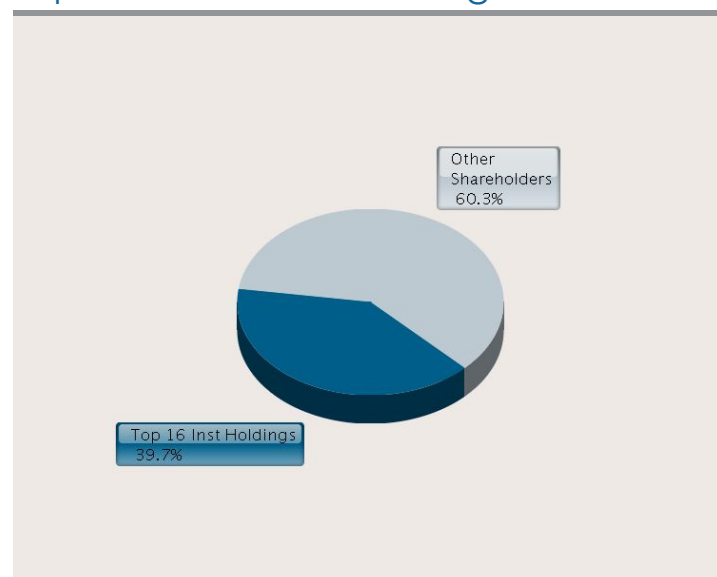
Based on 17,755,204 issued equity shares the market capitalisation is US\$328.6 million.

The top sixteen shareholders hold 39.7% of the issued capital leaving a float of 60.3%.

### Top 10 Shareholders

Name of Shareholder	No. of Shares	% Held
Fmr Llc	2,602,403	14.66
Deerfield Management Co	2,428,569	13.68
Abingworth Llp	1,182,196	6.66
Jpmorgan Chase & Co	263,125	1.48
Rock Springs Capital Management Lp	105,000	0.59
Blackrock Advisors Llc	86,728	0.49
Janus Capital Management Llc	79,004	0.44
Driehaus Capital Management Llc	61,589	0.35
Barclays Global Investors Uk Holdings Ltd	59,543	0.34
Alyeska Investment Group L.P.	50,000	0.28
<b>Total</b>	<b>6,918,157</b>	<b>38.96</b>

### Top 16 Institutional Holdings



## Board and Management

### **Douglas M. Fambrough** CEO & President

Dr. Douglas M. Fambrough Ph.D. is President, Chief Executive Officer, Director of Dicerna Pharmaceuticals Inc. Dr. Fambrough has served as a member of our board of directors since April 2007 and as our president and chief executive officer since May 2010. From 2000 to May 2010, Dr. Fambrough held various positions at Oxford Bioscience Partners, a life science venture capital firm, most recently as a general partner. During his years at Oxford Bioscience Partners, he specialized in financing innovative life science technology companies, including the Company, Sirna Therapeutics, Inc. (acquired by Merck & Co., Inc.), Solexa, Inc. (acquired by Illumina, Inc.), Solstice Neurosciences (acquired by US WorldMeds, LLC), Xencor, Inc. and Rib-X Pharmaceuticals, and served as a director of each of these companies. Dr. Fambrough has also served as a Trustee of Boston Biomedical Research Institute, a not-for-profit organization. Before joining Oxford Bioscience Partners, he was a genomic scientist at the Whitehead/MIT Center for Genome Research (now known as the Broad Institute). Dr. Fambrough graduated from Cornell University and obtained his Ph.D. in genetics at the University of California, Berkeley.

### **David M Madden** Independent Chairman

Mr. David M Madden is the Independent Chairman of the Board of Dicerna Pharmaceuticals, Inc. Mr. Madden has served as a member and the chairman of our board of directors since June 2009. Mr. Madden is a founder and principal of Narrow River Management, LP, an investment management company with a focus on equity investments in the emerging pharmaceutical industry, where he has been since 2004. Mr. Madden has served as chief executive officer and a member of the board of directors of River Vision Development Corporation since 2011. Mr. Madden also serves as a member of the board of directors of the Hospital for Special Surgery. Mr. Madden previously served as interim president and chief executive officer of Adolor Corporation (NASDAQ: ADLR) from August 2005 to December 2006 and the chairman of its board of directors until it was acquired by Cubist Pharmaceuticals, Inc. (NASDAQ: CBST) in December 2011. Mr. Madden was co-chief executive officer of Royalty Pharma AG, a private investment management firm specializing in the acquisition of royalty interests in pharmaceutical products, from October 2000 to 2003, and a member of its board of directors until March 2004. From 1997 to October 2000, he served as a managing member of Pharmaceutical Partners, LLC. From 1992 to 1995, Mr. Madden was president and chief executive officer and a member of the board of directors of Selectide Corporation. Mr. Madden has a B.S. in Electrical Engineering from Union College and an M.B.A. from Columbia University.

### **James E. Dentzer** CFO

Mr. James E. Dentzer is Chief Financial Officer of Dicerna Pharmaceuticals Inc. James E. Dentzer joined us as chief financial officer in December 2013. Prior to that, he was the chief financial officer of Valeritas, Inc. from March 2010 to December 2013, where he led the finance team in raising a \$150 million Series C equity round and a \$100 million debt financing and helped guide the company through approval by the U.S. Food and Drug Administration, manufacturing scale-up and commercial launch of the V-Go insulin delivery device. Prior to joining Valeritas, Inc., he was the chief financial officer of Amicus Therapeutics, Inc. (NASDAQ: FOLD) from October 2006 to October 2009, where he led the company through a Series D preferred stock financing and subsequent initial public share offering. In prior positions, he spent six years as corporate controller of Biogen Idec and six years in various senior financial roles at E.I. du Pont de Nemours and Company in the U.S. and Asia. Mr. Dentzer holds a B.A. in philosophy from Boston College and an M.B.A. from the University of Chicago.



## Board and Management (continued)

### **Vincent J. Miles** Independent Director

Dr. Vincent J. Miles, Ph.D., is Independent Director of Dicerna Pharmaceuticals Inc. Dr. Miles has served as a member of our board of directors since November 2013. Dr. Miles is an executive partner of Abingworth, a venture capital firm in the life sciences and healthcare sectors. Before joining Abingworth, Dr. Miles was senior vice president, business development, of Alnylam Pharmaceuticals, Inc. (NASDAQ: ALNY) from 2003 to 2007. From 1997 to 2003, Dr. Miles held various positions at Millennium Pharmaceuticals, Inc., including vice president positions in business development, strategic planning and scientific affairs. Prior to that, Dr. Miles served as the director of the Office of Technology Transfer, Dana Farber Cancer Institute from 1996 to 1997, and vice president of various research and development and business functions at RiboGene, Inc. (a predecessor of Questcor Pharmaceuticals (NASDAQ: QCOR)) from 1992 to 1996 and at Pharmacia P-L Biochemicals Inc. from 1986 to 1992. Dr. Miles currently serves on the boards of directors of PrimeraDx, Inc., Hydra Biosciences, Inc. and Chiasma, Inc. Dr. Miles holds a B.Sc. in biochemistry and Ph.D. in biochemical embryology from University College London. We believe that Dr. Miles' scientific and business experience serving as an executive officer, director and venture capital investor in biopharmaceutical companies provides him with the qualifications and skills to serve as a member of our board of directors.

### **Bob D. Brown** Senior Vice President

Dr. Bob D. Brown Ph.D. is Senior Vice President, Chief Scientific Officer of Dicerna Pharmaceuticals Inc. Dr. Brown initially served as our senior vice president of research beginning in May 2008 and has served as our chief scientific officer since January 2012. From March 2003 to March 2008, Dr. Brown held various positions at Genta Incorporated, most recently as its vice president of research and technology. Previously, he was a co-founder and vice president of research and development of Oasis Biosciences Inc., which was acquired by Gen-Probe Incorporated. Dr. Brown is an inventor or co-inventor on 16 issued patents and dozens of patent applications covering oligonucleotide and conventional small molecule therapeutic agents, diagnostic tool and oligonucleotide and small molecule drug delivery technologies. Dr. Brown holds a Ph.D. in molecular biology from the University of California, Berkeley, and a B.S. in chemistry and biology from the University of Washington, Seattle.



# Financial Results (Quarterly)

31 March, 2014

## INCOME STATEMENT

Currency in Thousand of USD	2014-03-31	2013-03-31	Change %
Operating expenses:			
Research and development	5,251	2,418	Up 117.2
General and administrative	2,841	1,136	Up 150.1
Total operating expenses	8,092	3,554	Up 127.7
Loss from operations	-8,092	-3,554	Deterioration 127.7
Other income (expense):			
Preferred stock warrant remeasurement	-2,559	5	Deterioration
Interest income	4		
Interest expense	157	270	Down 41.9
Total other income (expense)	-2,712	-265	Deterioration 923.4
Net loss	-10,804	-3,819	Deterioration 182.9
Less: Accretion and dividends on redeemable convertible preferred stock	204	1,011	Down 79.8
Net loss attributable to common stockholders	-11,008	-4,830	Deterioration 127.9
Net loss per share attributable to common stockholders-basic and diluted	-102.0c	-17,280.0c	Reduced 99.4
Weighted average shares outstanding-basic and diluted	10,822,325	27,952	Up 38,617.5

## BALANCE SHEET

Currency in Thousand of USD	2014-03-31	2013-12-31	Change %
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	133,792	46,595	Up 187.1
Prepaid expenses and other current assets	906	2,058	Down 56.0
Total current assets	134,698	48,653	Up 176.9
NONCURRENT ASSETS:			
Property and equipment-net	911	877	Up 3.9
Restricted cash	264	264	Steady
Total noncurrent assets	1,175	1,141	Up 3.0
TOTAL ASSETS	135,873	49,794	Up 172.9
LIABILITIES AND STOCKHOLDERS' EQUITY / DEFICIT			
CURRENT LIABILITIES:			
Accounts payable	715	1,700	Down 57.9
Current portion of long-term debt	3,785	4,587	Down 17.5
Deferred rent	96	105	Down 8.6
Accrued expenses and other current liabilities	1,947	1,286	Up 51.4
Total current liabilities	6,543	7,678	Down 14.8

# Financial Results (Quarterly) (continued)

31 March, 2014

NONCURRENT LIABILITIES:			
Long-term debt-net of current portion		260	
Preferred stock warrant liability		529	
Total noncurrent liabilities		789	
TOTAL LIABILITIES	6,543	8,467	Down 22.7
REDEEMABLE CONVERTIBLE PREFERRED STOCK, 0.0001 PAR VALUE-NO SHARES AND 11,070,000 SHARES AUTHORIZED AT MARCH 31, 2014 AND DECEMBER 31, 2013, RESPECTIVELY; NO SHARES AND 10,589,434 SHARES ISSUED AND OUTSTANDING AT MARCH 31, 2014 AND DECEMBER 31, 2013, RESPECTIVELY:			
Series A-880,000 shares designated, 855,996 shares issued and outstanding at December 31, 2013 (aggregate liquidation preference of 21,400 at December 31, 2013)		21,400	
Series B-1,190,000 shares designated, 1,162,021 shares issued and outstanding at December 31, 2013 (aggregate liquidation preference of 29,050 at December 31, 2013)		29,050	
Series C-9,000,000 shares designated, 8,571,417 shares issued and outstanding at December 31, 2013 (aggregate liquidation preference of 60,000 at December 31, 2013)		59,796	
STOCKHOLDERS' EQUITY/(DEFICIT):			
Preferred stock, 0.0001 par value-5,000,000 shares and no shares authorized at March 31, 2014 and December 31, 2013, respectively; no shares issued and outstanding at March 31, 2014 and December 31, 2013, respectively			
Common stock, 0.0001 par value-150,000,000 shares and 15,000,000 2 shares authorized at March 31, 2014 and December 31, 2013, respectively; 17,761,104 shares and 38,226 shares issued and outstanding at March 31, 2014 and December 31, 2013, respectively		1	Up 100.0
Additional paid-in capital	225,595	16,545	Up 1,263.5
Accumulated deficit	-96,267	-85,465	Deterioration 12.6
Total stockholders' equity/(deficit)	129,330	-68,919	Recovery
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY / DEFICIT	135,873	49,794	Up 172.9

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