

## Corium International (CORI : US\$6.79)

### Corium International increases 8% in 2015, outperforming Healthcare-Products sector

Corium International Inc, NASDAQ's 44th largest healthcare-products company by market cap, has now increased 48.0c (or 7.6%) year to date in 2015 to close at US\$6.79. This gain makes the stock the highest rising one in the Healthcare-Products sector which is up 4.1% in 2015. The volume YTD has been 0.4 times average trading of 21,488 shares. Compared with the NASDAQ-100 Index which has risen 5.5% YTD, this represents a relative price increase of 2.1%. In 2015 the market cap has jumped US\$8.6 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 0.71, a bearish indicator.
- The Q Ratio, defined by James Tobin as MCap divided by Total Assets, is 2.8. Compared with the rest of the market the stock is overvalued and ranks in the bottom quartile of stocks by value of Q Ratio.
- In the last three months the number of falls outnumbered rises 29:26 or 1.12:1.

**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.
- Return on Capital Employed of 4.2% versus sector average of 2.7% and market average of 9.1%.

### Stock Summary

<b>Sector</b>	Healthcare-Products
<b>Market Cap</b>	US\$122.2 million
<b>Shares Outstanding</b>	18,000,419
<b>ISIN</b>	US21887L1070
<b>Relative Strength (3 mo)</b>	88

### MCap: A Historical Perspective

	Share Price (USD)	Market Cap (US\$)
Last	6.8	122.2 million

## Analysis

### Bearish Signals

- Falls to Rises: In the last three months the number of falls outnumbered rises 29:26 or 1.12:1.
- The Price/MAP of 0.71 for CORI is lower than the Price/MAP for the NASDAQ-100 Index of 1.1.
- The price to 200-day MAP ratio is 0.71, a bearish indicator.
- The bears are maintaining control with price open, high, low and close being below yesterday's levels.

### Overvaluation:

- Price/Sales of 2.43 versus sector average of 1.5 and market average of 2.4. We estimate the shares are trading at a current year Price/Sales of 2.6 and a forward year Price/Sales of 2.8.
- The Q Ratio, defined by James Tobin as MCap divided by Total Assets, is 2.8. Compared with the rest of the market the stock is overvalued and ranks in the bottom quartile of stocks by value of Q Ratio.

### Other Bearish Signals:

- Total Liabilities/ EBITDA of 59 is more than or equal to 5, this compares unfavourably with the Joseph Piotroski benchmark of 5.

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

Total shares on issue unchanged; improvement in gross margin [from 19.3% to 27%].

### Bearish Indicators and Rank in Market:

Description	Value	Rank In Market
Return on Capital Employed [ROCE] %	4.2	In Bottom Quartile
Turnover in Quarter	US\$4.6 million	In Bottom Quartile
Price/MAP200	0.71	In Bottom Quartile
EBITDA Margin %	3.5	In Bottom Quartile
Price Change %	-3.0	In Bottom 8%
Price/MAP50	0.56	In Bottom 7%

## Note

### Neutral Indicators and Rank in Market:

Description	Value	Rank In Market
MCap	US\$122.2 million	In 3rd Quartile

### Bullish Signals:

- In the NASDAQ market of 2,407 stocks traded today, the stock has a 6-month relative strength of 65 which means it has outperformed 65% of the market.
- The Moving Average Convergence Divergence (MACD) indicator of 12-day Exponential Moving Average (EMA) of 6.9 minus the 26-day EMA of 6.85 is positive suggesting a bullish signal.
- In the NASDAQ Short Selling market of 2395 stocks, short selling as a % of issued shares ranked 1937th and within the bottom quartile of stocks. This means it was lower than market average of 0.57%, a bullish indicator.
- The current short volume is 0.4 times its own historical average of 0.02%. It tumbled 9.9% from the previous day, a bullish indicator.

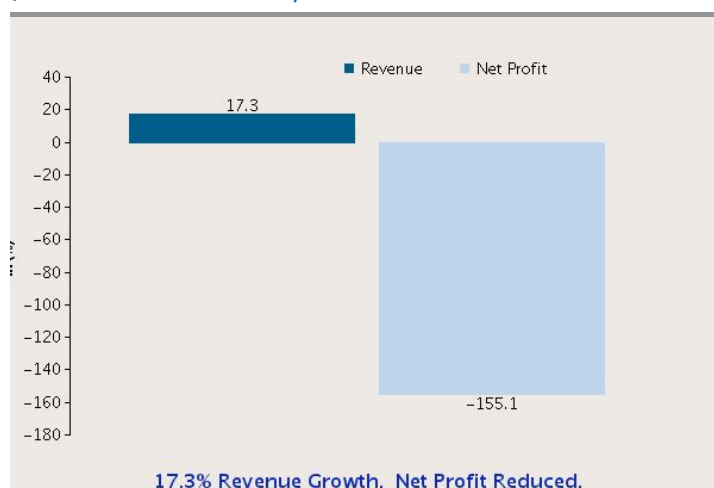
### Undervaluation:

- The company is cash rich with Cash to Market Capitalisation at 11.1%.

### Other Bullish Signals:

- Return on Capital Employed of 4.2% versus sector average of 2.7% and market average of 9.1%.

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

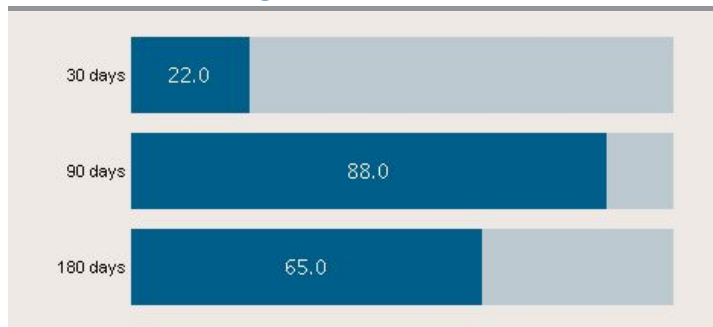


### Bullish Indicators and Rank in Market:

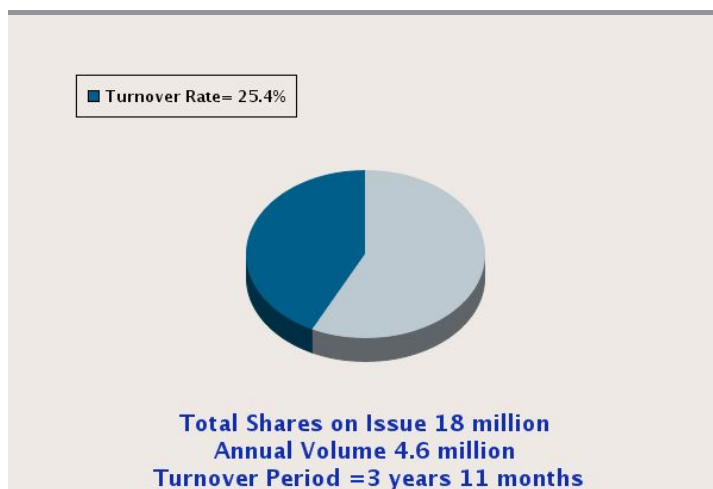
Description	Value	Rank In Market
P/E * P/NTA	16.47	In Top Quartile

## Analysis (continued)

### Relative Strength



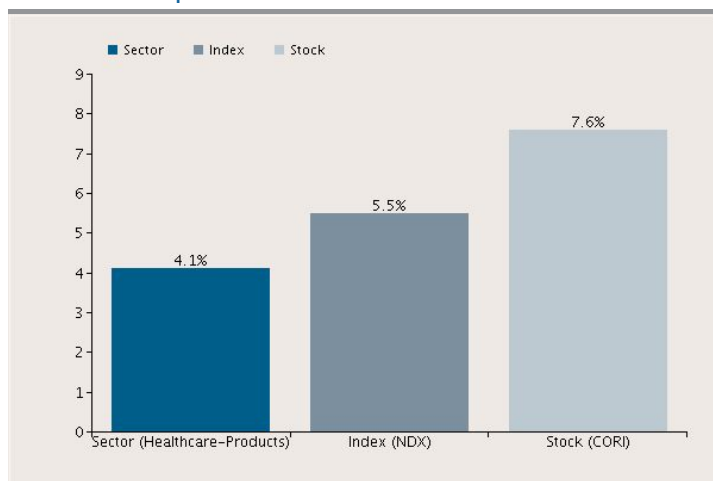
### Turnover Rate & Turnover Period



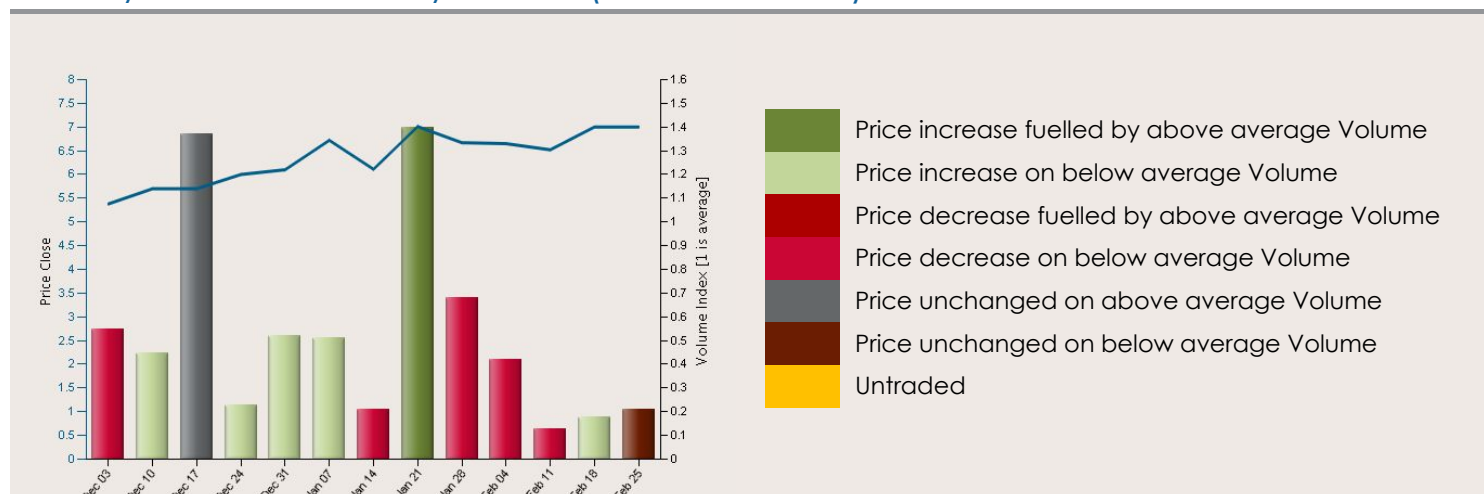
### Trailing 3 months

Turnover	US\$4.6 million
Volume	724,815
Volume Index (1 is avg)	0.6

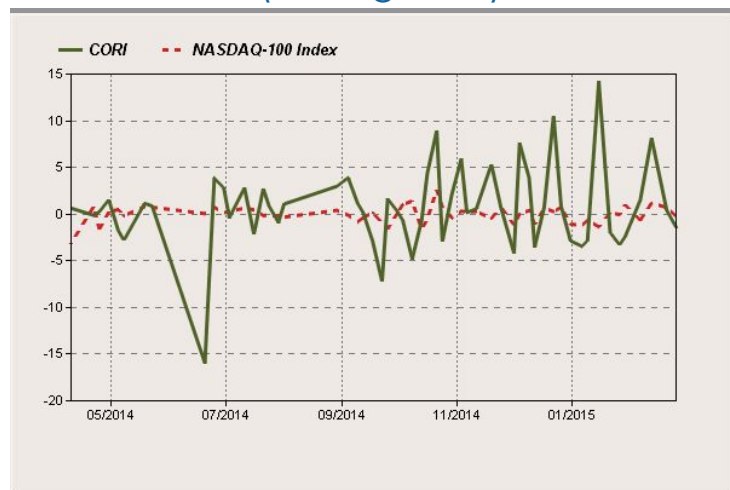
### YTD Comparison Stock Sector Index



## Weekly Price Volume Dynamics (Last 12 Weeks)



## Stock v Index (Trailing Year)



## Price/Moving Average Price [P/MAP]



## Company Overview

### Activities

Corium International Inc. develops and manufactures drug delivery products. The Company offers polymer and mechanical microporation technologies that allow the development of various delivery systems that deliver drugs across the skin and mucosa. Corium International serves customers worldwide.

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

Economic Sector

Healthcare

### Regulatory Announcements

#### Financial Results

##### February 10: Corium Reports First Quarter Fiscal 2015 Financial Results

[News Story] MENLO PARK, Calif., Feb. 10, 2015 Corium International, Inc. (Nasdaq:CORI), a commercial-stage biopharmaceutical company focused on the development, manufacture and commercialization of specialty transdermal products, today announced unaudited financial results from operations for the first fiscal quarter ended December 31, 2014.

[For more details click here.](#)

#### Conferences/Exhibitions

##### February 03: Corium to Report First Quarter Fiscal 2015 Financial Results on Tuesday, February 10, 2015

MENLO PARK, Calif., Feb. 3, 2015 (GLOBE NEWSWIRE) -- Corium International, Inc. (Nasdaq:CORI) today announced that it will report financial results for the First Quarter Fiscal 2015 on Tuesday, February 10, 2015 after the close of the U.S. financial markets. Corium will host a conference call and live audio webcast at 5:00 p.m.

[For more details click here.](#)

#### Conferences/Exhibitions

##### January 31: Corium to Present at the 2015 Leerink Global Healthcare Conference

MENLO PARK, Calif., Jan. 30, 2015 -- Corium International, Inc. (Nasdaq:CORI), a commercial-stage biopharmaceutical company focused on the development, manufacture and commercialization of specialty transdermal products, today announced that Peter Staple, Corium's President and Chief Executive Officer, will present at the 2015 Leerink Global Healthcare Conference, Wednesday, February 11, 2015 at the Waldorf Astoria New York hotel.

The Corium presentation will begin at 1:00 p.m.

[For more details click here.](#)

#### Board and Management

##### December 08 2014: Corium International appoints Director

Corium International has appointed Ivan Gergel as a Director. The effective date is December 08, 2014.

#### Board and Management

##### December 08 2014: Corium Announces Appointment of Ivan Gergel, M.D. to Board of Directors

MENLO PARK, Calif., Dec. 8, 2014 -- Corium International, Inc. (Nasdaq:CORI), a commercial-stage biopharmaceutical company focused on the development, manufacture and commercialization of specialty transdermal products, today announced the appointment of Ivan Gergel, M.D. to the Company's Board of Directors. "We are pleased to welcome Ivan Gergel to the Corium Board.

#### Directors Option Buying

##### December 05 2014: Corium International Director awarded Employee Stock Option (Right to Buy)

Corium International, Breuil Robert S, has been awarded Employee Stock Option (Right to Buy) on 85,000 shares at an exercise price of US\$5.50. The exercise date is between December 03, 2014 and December 02, 2014.

#### Directors Option Buying

##### December 05 2014: Corium International substantial shareholder awarded Employee Stock Option (right to buy)

Corium International, Staple Peter D, has been awarded Employee Stock Option (right to buy) on 155,000 shares at an exercise price of US\$5.50. The exercise date is between December 03, 2014 and December 02, 2014.

### 8-K other news

#### February 10: Corium International: Results of Operations and Financial Condition

[News Story]

[http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=\\_Archives\\_edgar\\_data\\_1594337\\_000110465915008227\\_0001104659-15-008227.txt](http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1594337_000110465915008227_0001104659-15-008227.txt)

Source: 8-K United States Securities and Exchange Commission

### Issued Capital

Based on 18,000,419 issued equity shares the market capitalisation is US\$122.2 million. It is NASDAQ's 24th largest Healthcare-Products company by assets.

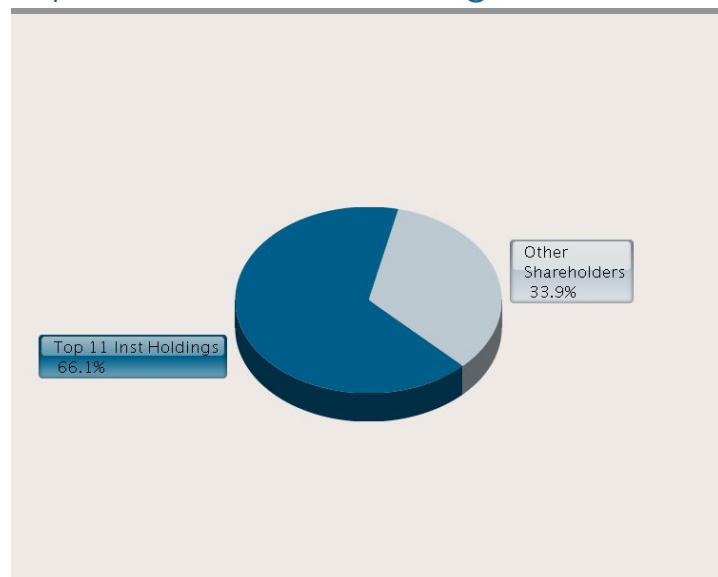
The top eleven shareholders hold 66.1% of the issued capital leaving a float of 33.9%.

## Company Overview (continued)

### Top 10 Shareholders

Name of Shareholder	No. of Shares	% Held
Essex Woodlands Health Ventures Inc.	9,353,304	51.96
Goldman Sachs Group Inc	763,685	4.24
Tamarack Capital Management Llc	667,579	3.71
Senzar Asset Management Llc	558,820	3.1
Driehaus Capital Management Llc	267,474	1.49
Sabby Management Llc	130,732	0.73
Ci Global Investments Inc.	100,000	0.56
Vanguard Group Inc	35,800	0.2
Millennium Management Llc	16,712	0.09
Blackrock Investment Management Llc	1,145	0.01
<b>Total</b>	<b>11,895,251</b>	<b>66.08</b>

### Top 11 Institutional Holdings





## Board and Management

### Peter D. Staple CEO & President

Mr. Staple has more than 25 years of experience in the biotech and pharmaceutical industries. He has previously served as Chief Executive Officer and a Director of BioSeek, Inc., a pioneer in applying predictive human biology to drug discovery, and as a member of the senior executive team at ALZA Corporation, the leader in applying drug delivery technologies to develop new therapeutics. At ALZA, as Executive Vice President, Chief Administrative Officer and General Counsel, he played a central role in partnering transactions, financings and acquisitions, as well as ALZA's merger with Johnson & Johnson.

### Robert Breuil CFO

Mr. Breuil joined Corium in September 2012. Prior to that, he had been the Chief Financial Officer of Codexis, a developer of cost-advantaged processes for the production of pharmaceuticals, bio-based chemicals, and biofuels. While at Codexis, Mr. Breuil raised over \$150M in five private equity and debt financings, and oversaw and managed the growth of that organization from less than 100 employees in two sites to 300 employees spread across five countries and three continents. Under his leadership, the company implemented global compliance with the Sarbanes-Oxley Act and executed an Initial Public Offering. Prior to Codexis, Mr. Breuil was the Chief Financial Officer of Aerogen, a specialty pharmaceutical company focusing on the field of aerosolized drug delivery, which was acquired by Nektar Therapeutics in October 2005. Mr. Breuil was at ALZA for seven years before Aerogen, where he held numerous positions including Director of Corporate Planning and Analysis and Controller, staying on as Controller when ALZA was acquired by J&J. Before his industry experience, he served for eight years as a Naval Officer and Aviator. Mr. Breuil received a B.S. in Electrical Engineering at the United States Naval Academy and an M.B.A. from the Stanford Graduate School of Business.

### Ivan Gergel Director

Dr. Gergel currently serves as Senior Vice President, Drug Development & Chief Medical Officer of Nektar Therapeutics, and brings more than 25 years of pharmaceutical leadership and drug development experience to Corium's Board. From 2008 to 2014, Dr. Gergel served as Executive Vice President, Research & Development and Chief Scientific Officer of Endo Pharmaceuticals, where he oversaw clinical, research, regulatory, project management and medical affairs. While with Endo, Dr. Gergel was responsible for a number of late-stage development programs and product approvals, including BEMA(Registered) Buprenorphine, Abuse-Deterrent Opana(Registered) ER for chronic pain, and Fortesta(Registered) and Aveed(TradeMark) for hypogonadism. Prior to joining Endo, Dr. Gergel served as Senior Vice President of Research and Development for Forest Laboratories, Inc. At Forest, he led successful development programs resulting in the approval of numerous new drug products to treat a range of CNS disorders and other medical conditions, including Celexa(Registered) for depression, Aerospa(TradeMark) for asthma, Lexapro(Registered) for depression and generalized anxiety disorder and Namenda(Registered) for Alzheimer's disease. He also oversaw the R&D team responsible for the successful in-licensing or acquisition of several new therapeutic agents. Prior to Forest, Dr. Gergel was a senior leader at SmithKline Beecham, where he led the U.S. clinical team responsible for the development and commercial support of Paxil(Registered), which is approved to treat depression, panic disorder, generalized anxiety disorder and other conditions.

Dr. Gergel received his M.D. from The Royal Free Medical School of The University of London and an MBA from the Wharton School of The University of Pennsylvania.

#### **Creation of shareholder value in Corium International:**

Since appointment as Director: The present value of USD1,000 invested on the appointment date of December 08, 2014 at close price of US\$5.53 is US\$1,227, for a capital gain of US\$227.

## Financial Results (Quarterly)

31 December, 2014

### INCOME STATEMENT

Currency in Thousand of USD	2014-12-31	2013-12-31	Change %
<b>Revenues:</b>			
Product revenues	6,539	8,100	Down 19.3
Contract research and development revenues	2,930	2,064	Up 42.0
Other revenues	297	304	Down 2.3
<b>Total revenues</b>	<b>9,766</b>	<b>10,468</b>	<b>Down 6.7</b>
<b>Costs and operating expenses:</b>			
Cost of product revenues	4,087	5,229	Down 21.8
Cost of contract research and development revenues	3,717	3,537	Up 5.1
Research and development expenses	4,197	861	Up 387.5
General and administrative expenses	2,687	1,810	Up 48.5
Amortization of intangible assets	161	130	Up 23.8
(Gain) / Loss on disposal and sale and leaseback of equipment	-7	37	Deterioration
<b>Total costs and operating expenses</b>	<b>14,856</b>	<b>11,530</b>	<b>Up 28.8</b>
<b>Loss from operations</b>	<b>-5,090</b>	<b>-1,062</b>	<b>Deterioration 379.3</b>
Interest income	2	2	Steady
Interest expense	1,669	2,024	Down 17.5
Change in fair value of preferred stock warrant liability		-43	
Change in fair value of subordinated note embedded derivative liability		1,029	
	-7	1,066	Deterioration
<b>Loss before income taxes</b>	<b>-6,757</b>	<b>-2,098</b>	<b>Deterioration 222.1</b>
Income tax expense	2		
<b>Net loss and comprehensive loss</b>	<b>-6,759</b>	<b>-2,098</b>	<b>Deterioration 222.2</b>
<b>Net loss attributable to common stockholders, basic and diluted</b>	<b>-6,759</b>	<b>-2,098</b>	<b>Deterioration 222.2</b>
<b>Net loss per share attributable to common stockholders, basic and diluted</b>	<b>-37.0c</b>	<b>-94.0c</b>	<b>Reduced 60.6</b>
<b>Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted</b>	<b>18,034,689</b>	<b>2,229,852</b>	<b>Up 708.8</b>

### BALANCE SHEET

Currency in Thousand of USD	2014-12-31	2014-09-30	Change %
<b>ASSETS</b>			



## Financial Results (Quarterly) (continued)

31 December, 2014

### Current assets:

Cash and cash equivalents	39,937	36,395	Up 9.7
Accounts receivable	4,062	4,168	Down 2.5
Unbilled accounts receivable	1,234	1,385	Down 10.9
Inventories, net	3,466	2,592	Up 33.7
Prepaid expenses and other current assets	984	1,292	Down 23.8
Total current assets	49,683	45,832	Up 8.4
Property and equipment, net	12,272	12,658	Down 3.0
Debt financing costs, net	677	571	Up 18.6
Intangible assets, net	6,720	6,683	Up 0.6
TOTAL ASSETS	69,352	65,744	Up 5.5

### LIABILITIES AND STOCKHOLDERS' EQUITY

#### Current liabilities:

Accounts payable	3,437	2,512	Up 36.8
Accrued expenses and other current liabilities	2,479	4,008	Down 38.1
Long-term debt, current portion	53	107	Down 50.5
Capital lease obligations, current portion	771	760	Up 1.4
Recall liability, current portion	800	774	Up 3.4
Deferred contract revenues, current portion	304	301	Up 1.0
Total current liabilities	7,844	8,462	Down 7.3
Long-term debt, net of current portion	48,564	38,155	Up 27.3
Capital lease obligations, net of current portion	694	891	Down 22.1
Recall liability, net of current portion	2,714	2,936	Down 7.6
Deferred contract revenues, net of current portion	3,500	3,500	Steady
Total liabilities	63,316	53,944	Up 17.4

#### Stockholders' equity:

Common stock; par value of 0.001 per share, 150,000,000 shares authorized; 18,070,838 and 18,003,883 shares issued and outstanding as of December 31, 2014 and September 30, 2014, respectively	18	18	Steady
Additional paid-in capital	115,112	114,117	Up 0.9
Accumulated deficit	-109,094	-102,335	Deterioration 6.6
Total stockholders' equity	6,036	11,800	Down 48.8
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	69,352	65,744	Up 5.5

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