

Biocept (BIOC : US\$2.39)

Biocept continues downtrend, now plummets 73% in 2014

Biocept Inc, NASDAQ's 79th largest medical company by market cap, has now plummeted US\$6.48 (or 73.1%) year to date in 2014 to close at US\$2.39. This loss means the stock is amongst the bottom 3% of NASDAQ-listed stocks in 2014. The volume YTD has been 0.8 times average trading of 23,621 shares. Compared with the NASDAQ-100 Index which has risen 20.2% YTD, this represents a relative price change of -93.2%. In 2014 the market cap has declined US\$128.7 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:

- Its Moving Average Convergence Divergence indicators are falling, with its 12-day EMA lower than its 26-day EMA.
- The Q Ratio, defined by James Tobin as MCap divided by Total Assets, is 8. Compared with the rest of the market the stock is overvalued and ranks in the bottom 5% of stocks by value of Q Ratio.
- The price to 200-day MAP ratio is 0.42, a bearish indicator.
- In the last three months the number of falls outnumbered rises 36:26 or 1.38:1.

However, there are some reasons why some in the market are more bullish on the stock:

- Amongst stocks that are shorted, it was in the bottom quartile as a percentage of stock shorted, suggesting that there are fewer confident bears of the stock.

Stock Summary

Sector	Medical
Market Cap	US\$10.6 million
Shares Outstanding	4,449,594
ISIN	US09072V1052
Relative Strength (3 mo)	20

Financial Summary

Year ended	Dec 2013	Dec 2012	Dec 2011
Sales (USD)	130,000	110,000	-
Pretax (USD)	(9.23M)	(12.26M)	(13.63M)
Net (USD)	(9.23M)	(12.26M)	(13.63M)

MCap: A Historical Perspective

	Share Price (USD)	Market Cap (US\$)
Last	2.4	10.6 million

Analysis

Bearish Signals

- Falls to Rises: In the last three months the number of falls outnumbered rises 36:26 or 1.38:1.
- In the last 18 trading sessions there has been a net decline of 26.23%; the stock has retreated sixteen times and the biggest one day decline was 8% on Dec 23.
- In the NASDAQ market of 2,417 stocks traded today, the stock has a 6-month relative strength of 4 indicating it is trailing 96.0% of the market.
- The Moving Average Convergence Divergence (MACD) indicator of 12-day Exponential Moving Average (EMA) of 2.63 minus the 26-day EMA of 2.82 is negative suggesting a bearish signal. Both the 12-day EMA as well as the 26-day EMA are falling, another bearish signal.
- The 200-day MAP has decreased to US\$5.71. A decrease is another bearish indicator.
- The price to 200-day MAP ratio is 0.42, a bearish indicator.
- The stock traded at a four-month low of US\$2.30 today.

The bears are maintaining control with price open, high, low and close being below yesterday's levels.

Overvaluation:

- Price/Sales of 136.7 versus sector average of 2.7 and market average of 2.3.
- The Q Ratio, defined by James Tobin as MCap divided by Total Assets, is 8. Compared with the rest of the market the stock is overvalued and ranks in the bottom 5% of stocks by value of Q Ratio.

Other Bearish Signals:

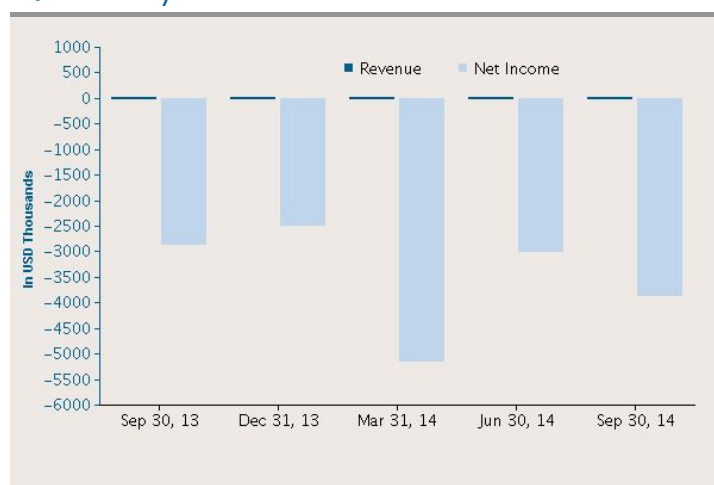
- Net Profit margin is negative in recent quarters.

Quarterly Trend:

[Quarter ended, all figures in %]:

Qtr	Revenue Growth	Net Profit Margin
Sep 14	-	-37,568.6
Jun 14	-31.9	-15,572
Mar 14	41.4	-18,135.7
Dec 13	-33.3	-12,350
Sep 13	-	-9,533.3

Quarterly Revenue & Net Income



The stock has a score of merely 1 out of 9 set by Joseph Piotroski [pass mark >=5]:

Improvement in current ratio from 0 to 0.1.

Bearish Indicators and Rank in Market:

Description	Value	Rank In Market
Volatility %	4.8	In Bottom Quartile
Turnover in Quarter	US\$5.5 million	In Bottom Quartile
Price/MAP200	0.42	In Bottom 4%
Relative Strength (6M)	4	In Bottom 3%
MCap	US\$10.6 million	In Bottom 2%
Price/MAP50	0.28	In Bottom 1%
Revenue Per Employee	US\$4,815	In Bottom 1%
Annual Revenue	US\$77,794	In Bottom 1%

Note

Bullish Signals:

- The price is at a discount of 18.6% to the 1-month volume weighted average price of US\$2.94, which may appeal as a value proposition.
- The Price/MAP of 0.42 for BIOC is higher than the Price/MAP for the NASDAQ-100 Index of 0.4.
- The Stochastic indicator of 8.9 has broken through the oversold line of 20; the stock is also oversold according to the Williams % R indicator of -87.5.
- In the NASDAQ Short Selling market of 2417 stocks, short selling as a % of issued shares ranked 1998th and within the bottom quartile of stocks. This means it was lower than market average of 0.5%, a bullish indicator.
- The current short volume is 0.3 times its own historical average of 0.02%.

Analysis (continued)

Other Bullish Signals:

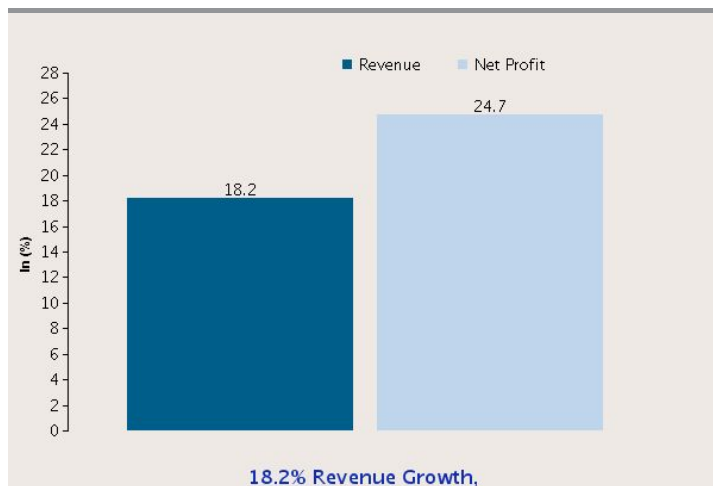
- Net Profit margin and EBIT margin are negative but improving in recent years.

Annual Trend:

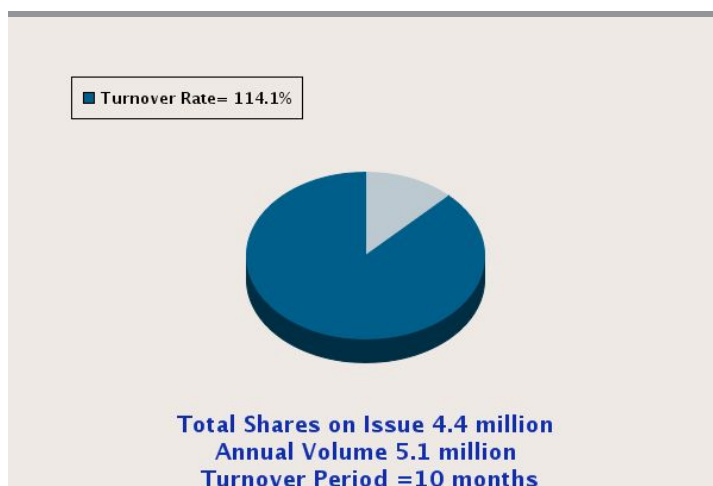
[Year ended, all figures in %]:

Year	Net Profit Margin	EBIT Margin
Dec 13	-7,100	-5,507.7
Dec 12	-11,145.5	-9,154.5

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



Turnover Rate & Turnover Period



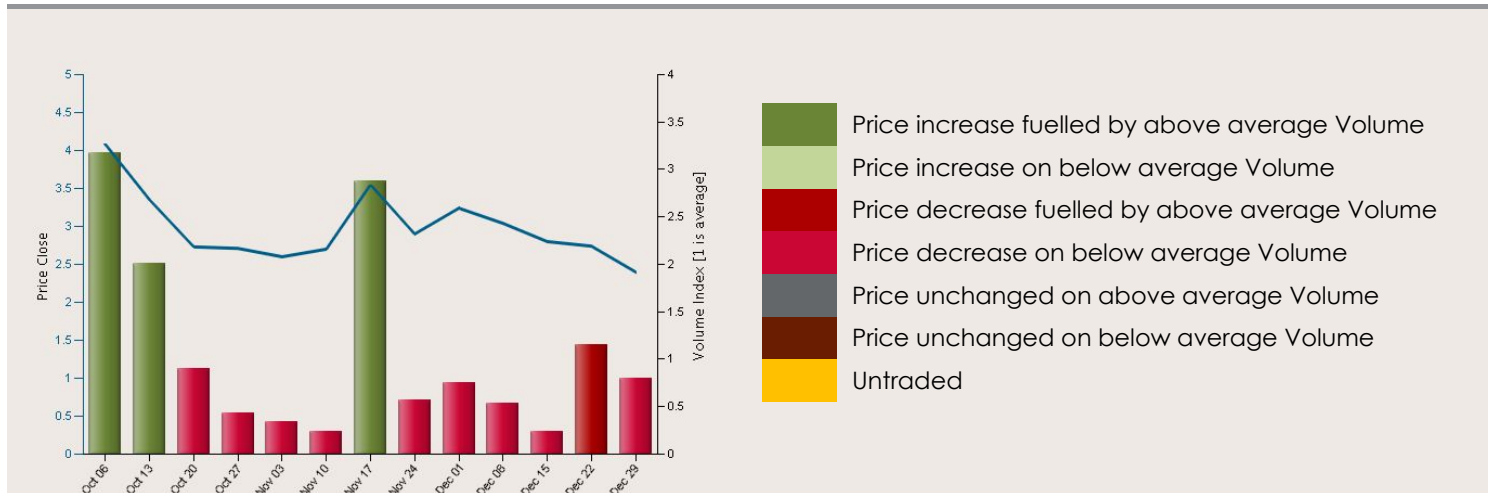
Trailing 3 months

Turnover	US\$5.5 million
Volume	1,661,851
Volume Index (1 is avg)	1.1

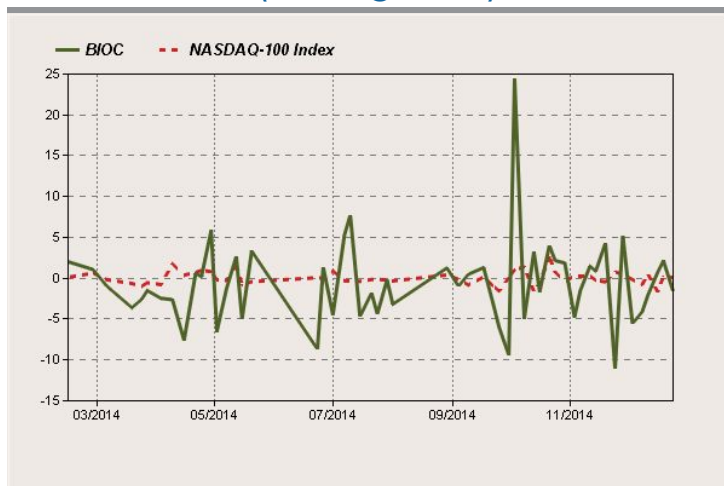
Price Volume Trend: Trailing Quarter



Weekly Price Volume Dynamics (Last 12 Weeks)



Stock v Index (Trailing Year)



Price/Moving Average Price [P/MAP]



Peer Group Analysis

[Sector sorting](#)

Name	Last Price \$	Relative strength (6-months)	MCap (\$)	PV \$1000 (1 yr)	Revenue (\$)	Net Profit (\$)	Total Assets (\$)
ProPhase Labs	1.3	26	20.6M	811	22.7M	(6.6M)	17.4M
Biocept	2.4	4	10.6M	0	77,794	(14.5M)	1.3M

Company Overview

Activities

Biocept Inc is a commercial-stage cancer diagnostics company that focuses on developing and commercializing proprietary circulating tumor cell and circulating tumor DNA tests.

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

Regulatory Announcements

December 15 2014: Biocept Expands Worldwide Microchannel Patent Protection to South Korea

[Company Release] SAN DIEGO, Dec. 15, 2014 Biocept, Inc. (Nasdaq:BIOC), a molecular oncology diagnostics company specializing in circulating tumor cells (CTCs) and circulating tumor DNA (ctDNA) biomarker analysis, today announced that it has been granted a patent in South Korea for its fluidic microfluidic channel.

Board and Management

December 04 2014: Biocept Appoints Experienced Physician as Medical Director

SAN DIEGO, Dec. 3, 2014 -- Biocept, Inc. (Nasdaq:BIOC), a molecular oncology diagnostics company specializing in Circulating Tumor Cells (CTCs) and Circulating Tumor DNA (ctDNA) biomarker analysis, today announced that Veena Singh, MD, FCAP, FCAMG has joined the Company as Senior Vice President and Senior Medical Director.

Dr.

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Dr.

Financial Results

November 14 2014: Biocept Reports Third Quarter 2014 Financial Results

[News Story] SAN DIEGO, Nov. 13, 2014 - Biocept, Inc. (Nasdaq:BIOC), a molecular oncology diagnostics company specializing in Circulating Tumor Cells (CTCs) and Circulating Tumor DNA (ctDNA) biomarker analysis, today announced its financial results for the third quarter ended September 30, 2014.

<http://www.nasdaq.com/press-release/biocept-reports-third-quarter-2014-financial-results-20141113-01262>

Source: Nasdaq Stock Exchange
For more details click here.

Product launch & Services

November 12 2014: Biocept Launches Lung Cancer Offering

[Company Release]

SAN DIEGO, Nov. 12, 2014 (GLOBE NEWSWIRE) -- Biocept, Inc. (Nasdaq:BIOC), a molecular oncology diagnostics company specializing in biomarker analysis of circulating tumor DNA and Circulating Tumor Cells (CTCs), today announced the launch of its lung cancer liquid biopsy testing that will be performed at the Company's CLIA-certified and CAP-accredited laboratory.

By launching blood-based biomarker testing for non-small cell lung cancer (NSCLC), along with the previously commercialized breast cancer offering, Biocept is providing options for health care providers and researchers when a tumor biopsy is not available, is unsafe to perform or when additional information is desired.

Key Developments

November 06 2014: Biocept and Rosetta Genomics Collaborate to Evaluate microRNAs From Circulating Tumor Cells

[Company Release]

SAN DIEGO and PRINCETON, N.J. and REHOVOT, Israel, Oct. 13, 2014 (GLOBE NEWSWIRE) -- Biocept, Inc. (Nasdaq:BIOC), a molecular oncology diagnostics company specializing in biomarker analysis of cell-free circulating tumor DNA (cfDNA) and circulating tumor cells (CTCs), and Rosetta Genomics, Ltd.

Key Developments

October 13 2014: Biocept and Rosetta Genomics Collaborate to Evaluate microRNAs From Circulating Tumor Cells

[Company Release] SAN DIEGO and PRINCETON, N.J. and REHOVOT, Israel, Oct. 13, 2014 (GLOBE NEWSWIRE) -- Biocept, Inc. (Nasdaq:BIOC), a molecular oncology diagnostics company specializing in biomarker analysis of cell-free circulating tumor DNA (cfDNA) and circulating tumor cells (CTCs), and Rosetta Genomics, Ltd.

Issued Capital

Based on 4,449,594 issued equity shares the market capitalisation is US\$10.6 million. It is NASDAQ's 81st largest Medical company by assets.

Board and Management

Michael W. Nall CEO & President & Director

Mr. Michael W. Nall is President, Chief Executive Officer, Director of Biocept Inc. Mr. Nall has over 25 years of healthcare sales and marketing experience, most recently serving at Clariant Diagnostic Services, Inc. in positions of increasing responsibility from 2002 through August 2013, with his last position being General Manager, North American Sales and Marketing. While at Clariant, Mr. Nall was also responsible for leading the team assimilating Clariant into GE Healthcare after Clariant was acquired in 2010. From 1988 until joining Clariant, Mr. Nall served in the diagnostic and medical device industries in various commercial leadership roles for companies including Impath, American Cyanamid, Maquet Surgical, Strato Medical, Horizon Medical Products and Columbia Vital Systems. Mr. Nall received a Bachelor of Science degree in Business Administration from Central Missouri State University (now known as the University of Central Missouri).

William G. Kachioff CFO

Mr. Kachioff is experienced in corporate finance, investor relations, corporate governance and manufacturing accounting and systems. He has over twenty years of life science industry experience, having most recently served as CFO at Althea Technologies, a contract manufacturing organization. He was also a CFO Partner with Tatum LLC, a national Executive Services firm focused on the Office of the CFO where he served a variety of life science industry clients in senior financial management roles. Prior to joining Tatum, Mr. Kachioff was CFO at Microslet, a publicly traded biotech company developing cell transplant therapies for insulin dependent diabetes. He was Director of Finance at Cutera where he helped prepare the Company for the commercial launch of its first product and its Initial Public Offering. Mr. Kachioff has also served in a variety of financial management roles at Coulter Pharmaceutical, Vivus and Abbott Labs. He began his professional career as an auditor with Deloitte & Touche LLP. Mr. Kachioff has a B.S. in Management from the State University of New York at Buffalo and is a member of the American Institute of Certified Public Accountants and the Association of Bioscience Financial Officers.

M. Faye Wilson Independent Director

Ms. M. Faye Wilson is Independent Director of Biocept Inc. Ms. Wilson has been a principal of Wilson Boyles & Co., LLC, a business management and strategic planning consulting firm, since 2003. Ms. Wilson is also a member of the board of directors of BioMed Realty Trust, Inc., a real estate investment trust. She served on the board of directors of Farmers Insurance Group of Companies from 1992 through 1998 and the board of directors of The Home Depot, Inc. from 1991 through 2001. Ms. Wilson was also a senior officer of Home Depot from 1998 through 2002. From 1992 until 1998, Ms. Wilson served in several senior management roles at Bank of America Corporation including Chairman of Security Pacific Financial Services and Executive Vice President and Chief Credit Officer for Bank of America's National Consumer Banking Group. She earned her Master's Degrees in International Relations and Business Administration from the University of Southern California and an undergraduate degree from Duke University.

Board and Management (continued)

Lyle J. Arnold **Senior Vice President**

Mr. Lyle J. Arnold, Ph. D., is Senior Vice President, Chief Scientific Officer of Biocept Inc. Dr. Arnold joined us as Senior Vice President and Chief Scientific Officer in 2011. Before then, he consulted for us from May 2010 to April 2011. He is a biotechnology executive, entrepreneur, and developer of innovative technologies covering therapeutics, molecular diagnostics, and genomics. Dr. Arnold also serves as President of Aegea Biotechnologies, Inc., which he founded in 2010 to acquire, develop, and commercialize next generation nucleic acid technologies. Previously he was Vice President, Research at Gen-Probe Incorporated from September 2003 to October 2009. During the time between departing from Gen-Probe and joining us, Dr. Arnold worked as a consultant for various entities through Lyle Arnold Consulting LLC, and started Aegea Biotechnologies in February 2010. Dr. Arnold is an inventor or co-inventor on 39 issued U.S. patents and more than 140 issued and pending patents worldwide. He is the principal inventor of the chemiluminescent Hybridization Protection Assay (HPA) and associated technologies, core to Gen-Probe assays that have generated more than \$5 billion in product revenue. In addition, he has authored more than 50 scientific publications. Dr. Arnold serves on the board of directors of Asuragen, a rapidly emerging biotechnology company in Austin, Texas, as well as on the board of Aegea. He received a B.S. in Chemistry from the University of California at Los Angeles and a Ph.D. in Chemistry/Biochemistry from the University of California at San Diego.

Financial Results (Quarterly)

30 September, 2014

Quarterly Report: Biocept (NASDAQ:BIOC) \$US3.9m loss

Quarter ended Sep 30, 2014

Highlights

- Loss of \$US3.9m
- EPS of -86.74 U.S. cents for the quarter

Unfavourable Changes:

- EBITDA loss of \$US3.6m
- EBIT loss of \$US3.7m
- Total revenue down 65.8% to \$US10,274 from the year-earlier period

Quarterly Report

Quarterly	Sep 30, 2014	Jun 30, 2014	Sep 30, 2013	Change %	Change %
Description	\$US ('000)	\$US ('000)	\$US ('000)	Q-on-Q [sequential comparison]	Y-on-Y [Quarter vs previous corresponding quarter]
Sales Revenue	10.3	19.2	30.0	Down 46.6	Down 65.8
EBITDA	(3,643.0)	(2,847.4)	na	Deterioration 27.9	na
EBIT	(3,708.3)	(2,901.9)	na	Deterioration 27.8	na
Interest	151.5	94.1	na	Up 61.0	na
Pre Tax Profit/(Loss)	(3,859.8)	(2,996.0)	(2,860.0)	Deterioration 28.8	Deterioration 35.0
Profit/(Loss) after Tax	(3,859.8)	(2,996.8)	(2,860.0)	Deterioration 28.8	Deterioration 35.0
Cash and cash equivalents	8,819.9	na	300.0	na	Up 2,840.0
Net Assets	3,344.9	6,883.3	(10,270.0)	Down 51.4	Recovery
Per Share figures	-	-	-	-	-
EPS	(86.7 U.S. cents)	(67.4 U.S. cents)	(\$US1.2)	Deterioration 28.8	Reduced 25.2

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