

Eleven Biotherapeutics (EBIO : US\$10.50)

Eleven Biotherapeutics decreases 7% in 2014

Eleven Biotherapeutics Inc, NASDAQ's 49th largest medical company by market cap, has now decreased 81.0c (or 7.2%) year to date in 2014 to close at US\$10.50. The volume YTD has been 0.8 times average trading of 37,861 shares. Compared with the NASDAQ-100 Index which rose 295.6 points (or 7.6%) in the quarter, this represented a relative price change of -11.3%. In 2014 the market cap has declined US\$4.6 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:

- 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 15.1. Compared with the rest of the market the stock is overvalued and ranks in the bottom 1% of stocks by value of Q Ratio.
- The price to 200-day MAP ratio is 0.73, a bearish indicator.
- In the last three months the number of falls outnumbered rises 26:22 or 1.18:1.

Stock Summary

Sector	Medical
Market Cap	US\$169.5 million
Shares Outstanding	16,143,070
ISIN	US2862211065
Relative Strength (3 mo)	39

Financial Summary

Year ended	Dec 2013	Dec 2012	Dec 2011
Sales (USD)	1.334M	-	-
Pretax (USD)	-	-	(12.83M)
Net (USD)	(21.882M)	(22.768M)	(14.28M)
EPS (USD)	(16.18)	(22.93)	(8.72)

MCap: A Historical Perspective

	Share Price (USD)	Market Cap (US\$)
Last	10.5	169.5 million

Analysis

Bearish Signals

- Falls to Rises: In the last three months the number of falls outnumbered rises 26:22 or 1.18:1.
- In the last 17 trading sessions there has been a net decline of 4.63%; the stock has retreated eleven times and the biggest one day decline was 3.5% on Oct 22.
- In the NASDAQ market of 2,401 stocks traded today, the stock has a 6-month relative strength of 22 indicating it is trailing 78.0% of the market.
- The Moving Average Convergence Divergence (MACD) indicator of 12-day Exponential Moving Average (EMA) of 10.77 minus the 26-day EMA of 10.98 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\$14.30. A decrease is another bearish indicator.
- The price to 200-day MAP ratio is 0.73, a bearish indicator.
- The current short volume is 1.4 times its own historical average of 0.2%.

Overvaluation:

- Price/Sales of 127.06 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 15.1. Compared with the rest of the market the stock is overvalued and ranks in the bottom 1% of stocks by value of Q Ratio.

Other Bearish Signals:

- Return on Equity and Return on Capital Employed has been negative in recent years.

Annual Trend:

[Year ended, all figures in %]:

Year	ROA
Dec 13	-194.7
Dec 12	-239.6

Bearish Indicators and Rank in Market:

Description	Value	Rank In Market
Relative Strength (6M)	22	In Bottom Quartile
Price/MAP200	0.73	In Bottom Quartile
Price/MAP50	0.45	In Bottom 3%
Annual Revenue	US\$1.3 million	In Bottom 1%

Note

Neutral Indicators and Rank in Market:

Description	Value	Rank In Market
Turnover in Quarter	US\$13.1 million	In 3rd Quartile
MCap	US\$169.5 million	In 3rd Quartile

Bullish Signals:

- The price is at a discount of 5.0% to the 1-month volume weighted average price of US\$11.05, which may appeal as a value proposition.
- The Price/MAP of 0.73 for EBIO is higher than the Price/MAP for the NASDAQ-100 Index of 0.4.

Other Bullish Signals:

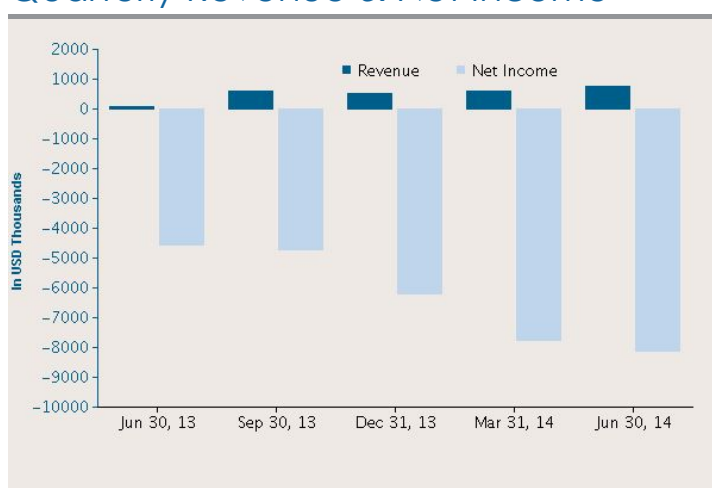
- Net Profit margin is negative but improving in recent quarters.

Quarterly Trend:

[Quarter ended, all figures in %]:

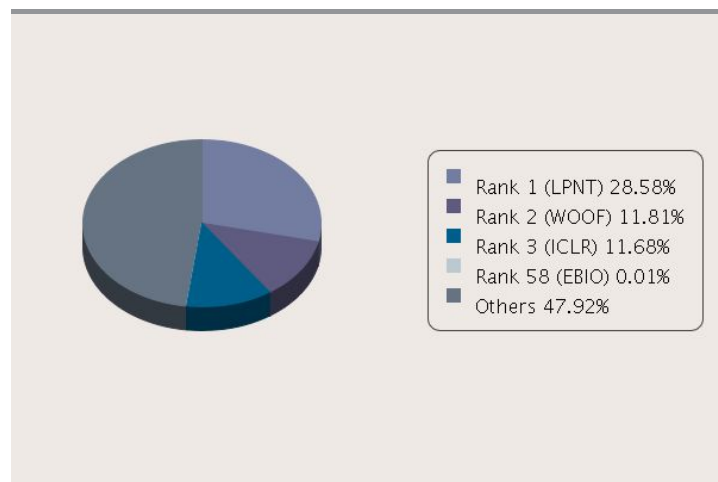
Qtr	Revenue Growth	Net Profit Margin
Jun 14	23.4	-1,067.1
Mar 14	-	-1,362.9

Quarterly Revenue & Net Income



Analysis (continued)

Revenue Share Medical



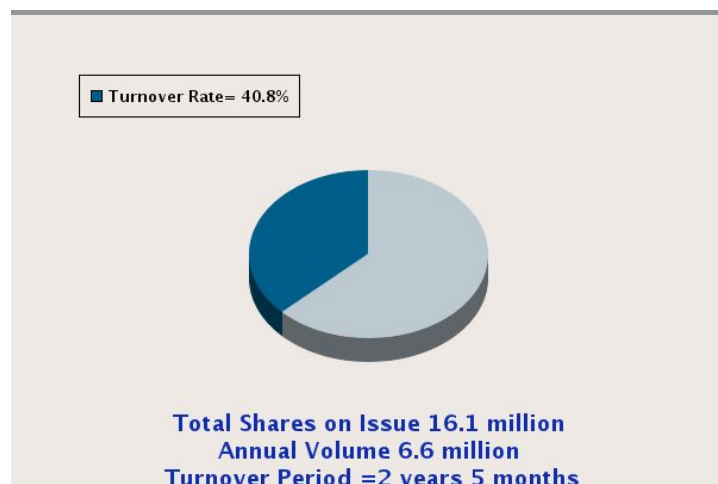
Trailing 3 months

Turnover	US\$13.1 million
Volume	1,126,797
Volume Index (1 is avg)	0.5

Insider Trades



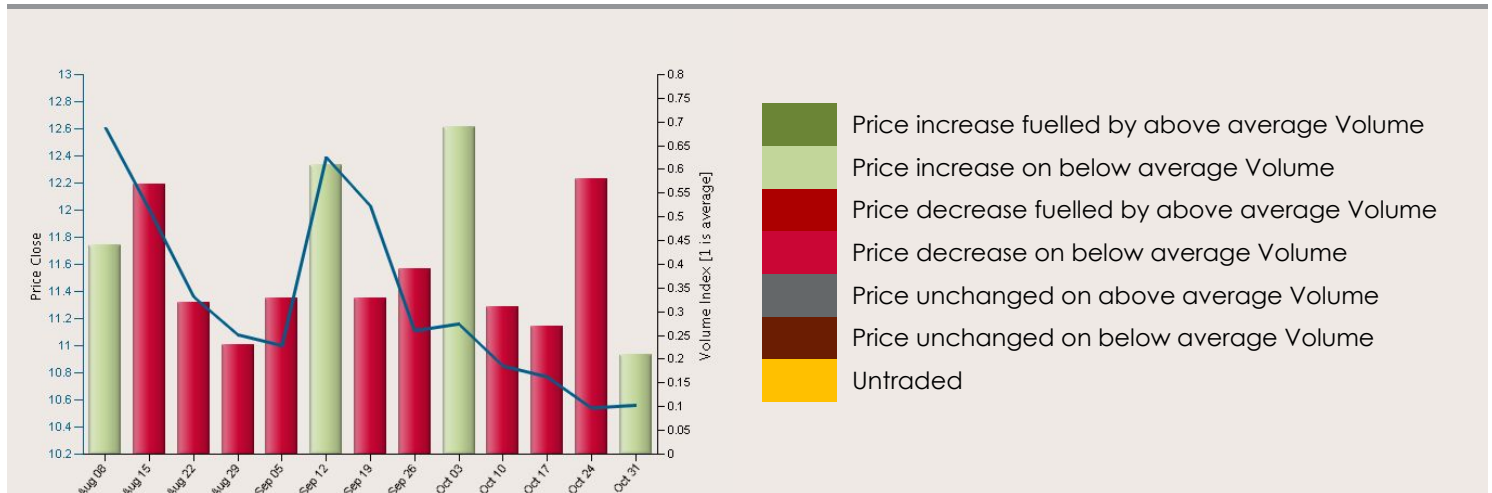
Turnover Rate & Turnover Period



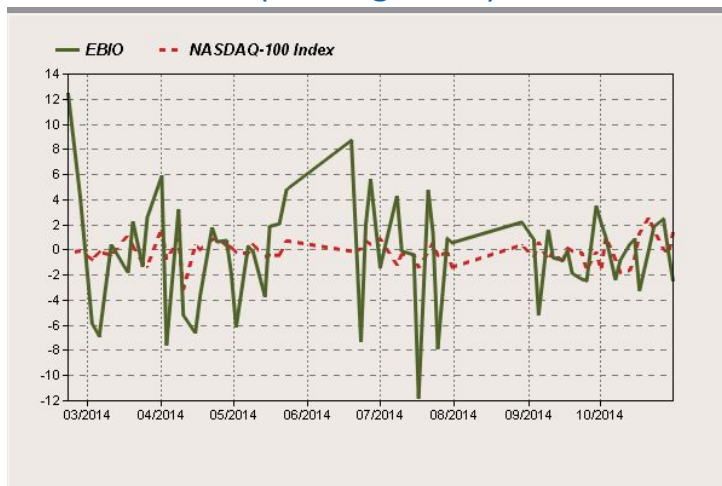
Price Volume Trend: Trailing Quarter



Weekly Price Volume Dynamics (Last 12 Weeks)



Stock v Index (Trailing Year)



Price/Moving Average Price [P/MAP]



Reported Buying Selling by Insiders

Insider	Date	Transaction Type	No. of Shares	Price, US\$	Value, US\$
Jafco Super V3 Investment Limited Partnership	Aug 26, 2014	Sold	1,000	11.57	11,570
Jafco Super V3 Investment Limited Partnership	Aug 25, 2014	Sold	1,000	11.5	11,500
Jafco Super V3 Investment Limited Partnership	Aug 20, 2014	Sold	165	11.5	1,898
Jafco Super V3 Investment Limited Partnership	Aug 19, 2014	Sold	1,000	11.55	11,550
Jafco Super V3 Investment Limited Partnership	Aug 15, 2014	Sold	1,600	11.82	18,912
Jafco Super V3 Investment Limited Partnership	Aug 18, 2014	Sold	1,000	11.87	11,870
Jafco Super V3 Investment Limited Partnership	Aug 13, 2014	Sold	1,000	12	12,000
Jafco Super V3 Investment Limited Partnership	Aug 14, 2014	Sold	1,000	11.56	11,560

Company Overview

Regulatory Announcements

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

October 23: Eleven Biotherapeutics appoints Director
October 07: Eleven Biotherapeutics Granted U.S. Composition-of-Matter Patent for EBI-005
October 02: Eleven Biotherapeutics Announces Top-Line Results from Phase 2 Study of EBI-005 in Patients with Moderate to Severe Allergic Conjunctivitis
August 28: Eleven Biotherapeutics to Participate in Upcoming Investor Conferences in September
August 27: Eleven Biotherapeutics insider sells; shares at a 13-day low
August 27: Eleven Biotherapeutics insider sells; shares at a seven-day high
August 21: Eleven Biotherapeutics insider sells; shares at a six-day low

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

August 21: Eleven Biotherapeutics: Other Events
August 13: Eleven Biotherapeutics: Results of Operations and Financial Condition
May 15: Eleven Biotherapeutics: Results of Operations and Financial Condition

Annual Report

To view Annual Report [click here](#)

Quarterly Report

To view Quarterly Report [click here](#)

Issued Capital

Based on 16,143,070 issued equity shares the market capitalisation is US\$169.5 million. It is NASDAQ's 77th largest Medical company by assets.

The top sixteen shareholders hold 48.5% of the issued capital leaving a float of 51.5%.

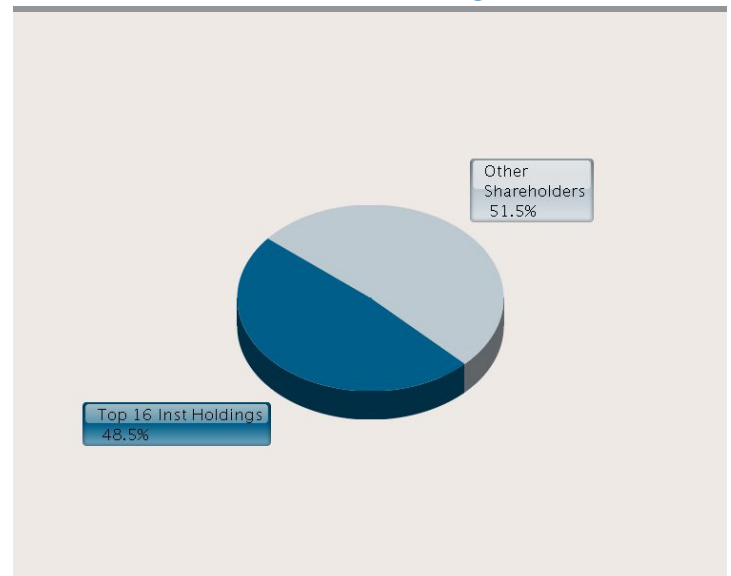
Source

Www.BuySellSignals.com

Top 10 Shareholders

Name of Shareholder	No. of Shares	% Held
Third Rock Ventures Llc	4,841,591	29.99
Fmr Llc	1,614,715	10
Broadfin Capital Llc	861,933	5.34
Blackrock Fund Advisors	111,182	0.69
Principal Financial Group Inc	95,300	0.59
Vanguard Group Inc	86,887	0.54
Sectoral Asset Management Inc	50,000	0.31
Northern Trust Corp	37,695	0.23
Blackrock Group Ltd	36,800	0.23
Nj State Employees Deferred Compensation Plan	25,000	0.15
Total	7,761,103	48.08

Top 16 Institutional Holdings



Board and Management

Paul Chaney Director

Creation of shareholder value in Eleven Biotherapeutics:

Since appointment as Director: The present value of USD1,000 invested on the appointment date of March 03, 2014 at close price of US\$15.45 is US\$680, for a capital loss of US\$320.

Wendy L. Dixon Director

Dr. Dixon brings 35 years of industry experience to the Eleven Biotherapeutics Board of Directors. Most recently, she was a senior advisor to The Monitor Group, now Monitor Deloitte, a global consulting firm, from 2010 to 2012. From 2001 to 2009, Dr. Dixon had a series of commercial and development roles within Bristol-Myers Squibb, culminating as Chief Marketing Officer and President of Global Marketing, and was a member of the CEO's Executive Committee. Earlier, Dr. Dixon served as Senior Vice President of Marketing at Merck and Co. and prior to that, she held executive management positions at West Pharmaceuticals, Osteotech and Centocor, and various positions at SmithKline and French (now GlaxoSmithKline) in marketing, regulatory affairs, project management and as a biochemist. Dr. Dixon received her BSc, MSc and PhD from the University of Cambridge (UK). Since 2005, Dr. Dixon has advised and consulted for a number of biopharmaceutical companies and has served as a member of several boards of directors including Alkermes PLC, bluebird bio, Incyte Corporation, Orexigen Therapeutics Inc., Ardea Biosciences, Inc. (sold to AstraZeneca PLC in 2012), Dentsply International and Furiex Pharmaceuticals, Inc. (sold to Actavis plc in 2014).

Creation of shareholder value in Eleven Biotherapeutics:

Since appointment as Director: The present value of USD1,000 invested on the appointment date of October 29, 2014 at close price of US\$10.88 is US\$965, for a capital loss of US\$35.

Financial Results (Quarterly)

30 June, 2014

INCOME STATEMENT

Currency in Thousand of USD	2014-06-30	2013-06-30	Change %
Collaboration revenue	761	202	Up 276.7
Operating expenses:			
Research and development	6,754	2,704	Up 149.8
General and administrative	2,052	881	Up 132.9
Total operating expenses	8,806	3,585	Up 145.6
Loss from operations	-8,045	-3,383	Deterioration 137.8
Other income (expense):			
Other income (expense), net	3	-114	Recovery
Interest expense	79	137	Down 42.3
Total other expense, net	-76	-251	Reduced 69.7
Net loss and comprehensive loss	-8,121	-3,634	Deterioration 123.5
Cumulative preferred stock dividends		-917	
Net loss applicable to common stockholders	-8,121	-4,551	Deterioration 78.4
Net loss per share applicable to common stockholders-basic and diluted	-51.0c	-344.0c	Reduced 85.2
Weighted-average number of common shares used in net loss per share applicable to common stockholders-basic and diluted	16,055,000	1,322,000	Up 1,114.4

BALANCE SHEET

Currency in Thousand of USD	2014-06-30	2013-12-31	Change %
Assets			
Current assets:			
Cash and cash equivalents	45,031	7,942	Up 467.0
Prepaid expenses and other current assets	1,002	88	Up 1,038.6
Total current assets	46,033	8,030	Up 473.3
Property and equipment, net	682	759	Down 10.1
Restricted cash	94	94	Steady
Other assets	15	2,354	Down 99.4
Total assets	46,824	11,237	Up 316.7
Liabilities, convertible preferred stock, and stockholders' equity (deficit)			
Current liabilities:			
Accounts payable	2,602	1,746	Up 49.0
Accrued expenses	1,140	850	Up 34.1
Notes payable, current portion	1,642	1,642	Steady
Deferred revenue, current portion	643	1,115	Down 42.3
Total current liabilities	6,027	5,353	Up 12.6
Deferred revenue, net of current portion	112	355	Down 68.5
Restricted stock liability	7	10	Down 30.0
Notes payable, net of current portion	2,055	2,876	Down 28.5
Warrant liability		297	

Financial Results (Quarterly) (continued)

30 June, 2014

Commitments and contingencies

Series A convertible preferred stock, 0.001 par value; none and 45,445,000 shares authorized at June 30, 2014 and December 31, 2013, respectively, and none and 45,250,000 shares issued and outstanding at June 30, 2014 and December 31, 2013, respectively

45,035

Series B convertible preferred stock, par value 0.001 per share; none and 7,207,297 shares authorized at June 30, 2014 and December 31, 2013, respectively, and none and 7,203,845 shares issued and outstanding at June 30, 2014 and December 31, 2013, respectively

11,643

Stockholders' equity (deficit):

Preferred stock, 0.001 par value per share; 5,000,000 shares and none authorized at June 30, 2014 and December 31, 2013, respectively, and none issued and outstanding at June 30, 2014 and December 31, 2013

Common stock, 0.001 par value; 200,000,000 and 77,688,009 shares authorized at June 30, 2014 and December 31, 2013, respectively, and 16,092,545 and 1,636,137 shares issued and outstanding at June 30, 2014 and December 31, 2013, respectively

2

Up 700.0

Additional paid-in capital

111,544

3,260

Up 3,321.6

Accumulated deficit

-72,937

-57,594

Deterioration 26.6

Total stockholders' equity (deficit)

38,623

-54,332

Recovery

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

46,824

11,237

Up 316.7

PERFORMANCE RATIOS

	2014-06-30	2013-06-30	Change %
Return on Equity(%)	-41.07	20.16	
Return on Assets(%)	-33.88	-97.5	Reduced 65.3

PER SHARE FIGURES

	2014-06-30	2013-06-30	Change %
EPS	-123.0c	-853.0c	Reduced 85.6

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.
