

Egalet (EGLT : US\$5.75)

Egalet plummets 53% in 2014, in bottom 9% of the market

Egalet Corporation, NASDAQ's 58th largest medical company by market cap, has now plummeted US\$6.47 (or 52.9%) year to date in 2014 to close at US\$5.75. This loss means the stock has underperformed 91% of NASDAQ-listed stocks in 2014. The volume YTD has been 0.8 times average trading of 39,971 shares. Compared with the NASDAQ-100 Index which has risen 20.2% YTD, this represents a relative price change of -73.1%. In 2014 the market cap has declined US\$79.9 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 4.9. Compared with the rest of the market the stock is overvalued and ranks in the bottom quartile of stocks by value of Q Ratio.
- The price to 200-day MAP ratio is 0.46, a bearish indicator.
- In the last three months the number of falls outnumbered rises 34:27 or 1.26:1.

Stock Summary

Sector	Medical
Market Cap	US\$99.2 million
Shares Outstanding	17,258,663
ISIN	US28226B1044
Relative Strength (3 mo)	29

Financial Summary

Year ended	Dec 2013	Dec 2012	Dec 2011
Sales (USD)	-	1.201M	630,000
Pretax (USD)	(20.185M)	(5.398M)	(6.46M)
Net (USD)	(20.207M)	(5.398M)	(6.46M)
EPS (USD)	(15.64)	(4.18)	-

MCap: A Historical Perspective

	Share Price (USD)	Market Cap (US\$)
Last	5.8	99.2 million

Analysis

Bearish Signals

- Falls to Rises: In the last three months the number of falls outnumbered rises 34:27 or 1.26:1.
- 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 5.81 minus the 26-day EMA of 5.91 is negative suggesting a bearish signal. Both the 12-day EMA as well as the 26-day EMA are falling, another bearish signal.
- The price to 200-day MAP ratio is 0.46, a bearish indicator. In the past 200 days this ratio has been under 0.46 24 times suggesting further downside.

Overvaluation:

- The Q Ratio, defined by James Tobin as MCap divided by Total Assets, is 4.9. 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:

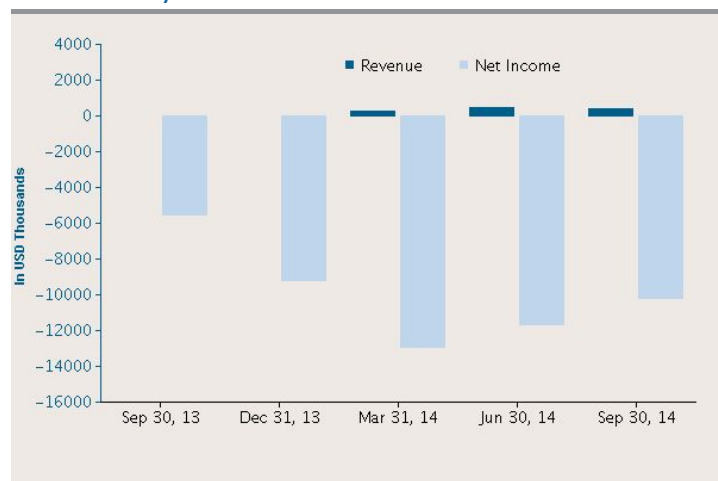
- Net Profit margin has been negative in recent quarters.

Quarterly Trend:

[Quarter ended, all figures in %]:

Qtr	Revenue Growth	Net Profit Margin
Sep 14	-20	-2,941.6
Jun 14	91.4	-2,379.2

Quarterly Revenue & Net Income



- Return on Assets has been negative in recent years.

Annual Trend:

[Year ended, all figures in %]:

Year	ROA	ROCE
Dec 13	-99.2	-
Dec 12	-96.5	-145.5

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

Total shares on issue unchanged.

Bearish Indicators and Rank in Market:

Description	Value	Rank In Market
Price Change %	-3.0	In Bottom 9%
Price/MAP200	0.46	In Bottom 5%
Relative Strength (6M)	4	In Bottom 3%
Price/MAP50	0.3	In Bottom 1%

Note

Neutral Indicators and Rank in Market:

Description	Value	Rank In Market
Turnover in Quarter	US\$5.8 million	In 3rd Quartile

Bullish Signals:

- In the last 13 trading sessions there has been a net rise of 4.17%; the stock has advanced nine times and the biggest one day rise was 13.1% on Dec 05.
- The Price/MAP of 0.46 for EGLT is higher than the Price/MAP for the NASDAQ-100 Index of 0.4.

Undervaluation:

- The company is cash rich with Cash to Market Capitalisation at 15.8%.

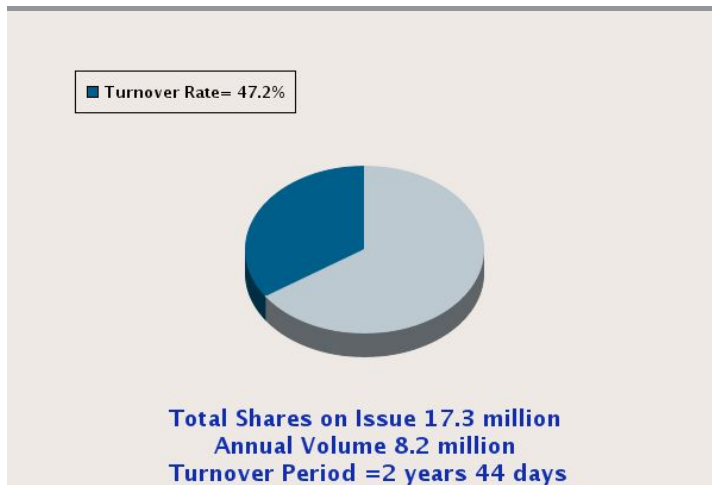
Other Bullish Signals:

Bullish Indicators and Rank in Market:

Description	Value	Rank In Market
P/E * P/NTA	8.95	In Top Quartile

Analysis (continued)

Turnover Rate & Turnover Period



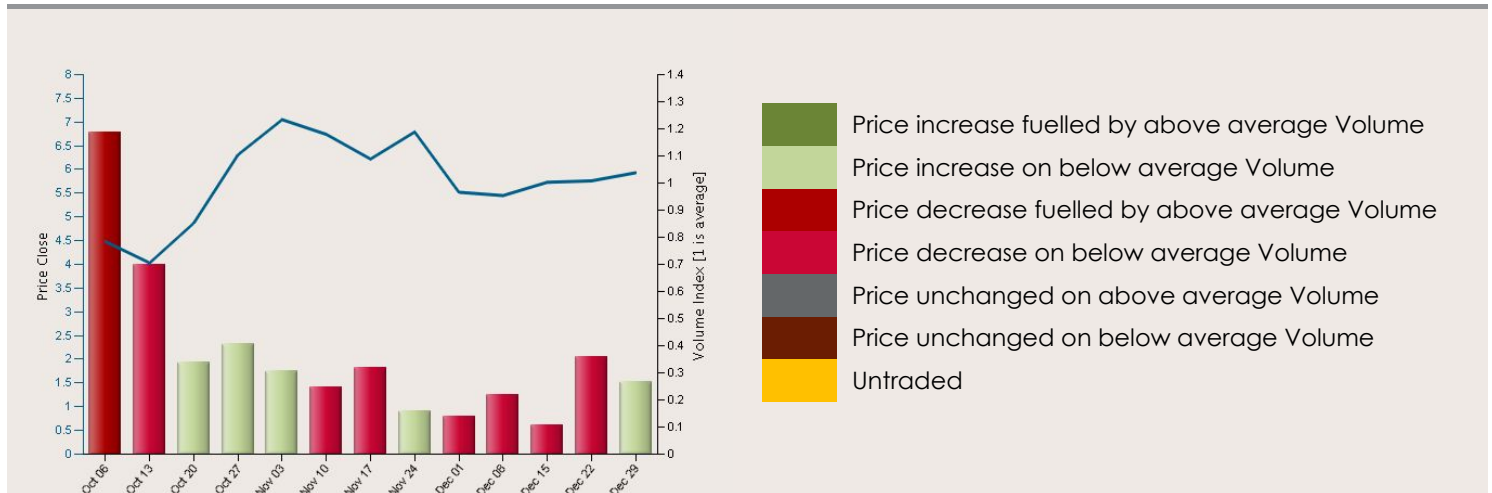
Trailing 3 months

Turnover	US\$5.8 million
Volume	1,058,327
Volume Index (1 is avg)	0.4

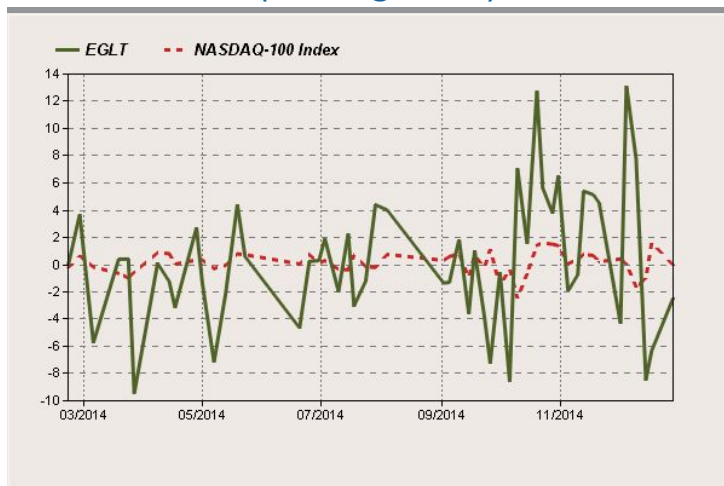
Price Volume Trend: Trailing Quarter



Weekly Price Volume Dynamics (Last 12 Weeks)



Stock v Index (Trailing Year)



Price/Moving Average Price [P/MAP]



Company Overview

Activities

Egalet Corporation is a specialty pharmaceutical company. The Company develops and markets oral products for the treatment of pain and in other indications.

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

Regulatory Announcements

Directors Option Buying

December 08 2014: Egalet Director awarded Stock Option (Right to Buy)

Egalet, Musial Stan, has been awarded Stock Option (Right to Buy) on 40,000 shares at an exercise price of US\$5.25. The exercise date is between December 04, 2014 and December 08, 2014.

Financial Results

November 12 2014: Egalet Reports Third Quarter 2014 Financial Results and Provides Business Update

[Company Release]

<http://egalet.investorroom.com/2014-11-12-Egalet-Reports-Third-Quarter-2014-Financial-Results-and-Provides-Business-Update>

Source: Company Website

Conferences/Exhibitions

November 05 2014: Egalet to Present at the Stifel 2014 Healthcare Conference on November 18

[Company Release] Wayne, Penn. - November 5, 2014 - Egalet Corporation (Nasdaq: EGLT) ("Egalet") today announced that Bob Radie, president and chief executive officer, is scheduled to present at the Stifel 2014 Healthcare Conference on Tuesday, November 18, 2014 at 4:10 p.m. EST. The conference will be held at the New York Palace Hotel.

The presentation will be audio webcast live and available for replay at Egalet's website at

<http://egalet.investorroom.com/eventsandwebcasts>.

Source: Company Website

Conferences/Exhibitions

October 29 2014: Egalet to Host Conference Call and Webcast to Discuss Third Quarter Financial Results on November 12, 2014

[Company Release]

Wayne, Penn. - October 29, 2014 Egalet Corporation (Nasdaq: EGLT) ("Egalet") today announced that its third quarter financial results will be released on Wednesday, November 12, 2014. Following the announcement, Egalet's management will host a live conference call and webcast at 8:30 am Eastern Time to review the Company's financial and operating results and provide a general business update.

The live webcast and a replay may be accessed by visiting Egalet's website.

September 23 2014: Egalet Announces Update on Clinical Development Plan for Abuse-Deterrent Morphine Egalet-001

[News Story] WAYNE, Pa., Sept. 23, 2014 - Egalet Corporation (Nasdaq:EGLT) (Egalet) today announced an update to the clinical development plan for Egalet-001, an abuse-deterrent, extended-release, oral morphine product in development for the management of pain severe enough to require daily, around-the-clock opioid treatment and for which alternative treatments are inadequate.

[For more details click here.](#)

September 12 2014: Egalet Announces Issuance of U.S. Patents Covering Guardian(TM) Technology and Product Candidates

[Company Release] WAYNE, Pa., Egalet Corporation (Nasdaq:EGLT) ("Egalet") today announced the issuance of patents by the U.S. Patent and Trademark Office (USPTO) covering Egalet's product candidates and the Company's proprietary Guardian Technology. The following patents were issued:

U.S. patent No. 8,808,745 titled "Morphine polymer release system" and U.S. patent No. 8,821,928 titled "Controlled release pharmaceutical compositions for prolonged effect."

"These recently issued patents strengthen Egalet's intellectual property position and protect our proprietary Guardian Technology and product candidates," said Bob Radie, president and chief executive officer of Egalet. "We continue to pursue patent coverage to augment our patent position which extends to various dates between 2022 and 2033."

These patents relate to Egalet's Guardian Technology and the Company's product candidates. Egalet currently has been granted seven U.S. patents and 50 patents outside of the United States.

Source: Company Website

Company Overview (continued)

September 04 2014: Egalet to Present Data from Abuse-Deterrence Studies at PAINWeek 2014 in Las Vegas

[Company Release] Las Vegas, Nev. - Sept 4, 2014 - Egalet Corporation (Nasdaq: EGLT) ("Egalet") announces data presentations on Egalet-001, an abuse-deterrent, extended-release, oral morphine product candidate, at PAINWeek 2014 in Las Vegas September 2 to 6.

Egalet-001 was created using the Egalet Guardian(TradeMark) Technology and was designed to resist common methods of abuse and specifically manipulation by injection, the leading method of abuse for morphine.

8-K people news

February 11: Egalet appoints Gregory Weaver as director

Egalet has appointed Gregory Weaver as Director. The appointment takes effect from Feb 05, 2014.

8-K other news

November 12: Egalet: Results of Operations and Financial Condition

[News Story]

http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1586105_000110465914079877_0001104659-14-079877.txt

Source: 8-K United States Securities and Exchange Commission

September 24: Egalet: Other Events

[News Story]

http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1586105_000110465914067875_0001104659-14-067875.txt

Source: 8-K United States Securities and Exchange Commission

September 04: Egalet: Other Events

[News Story]

http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1586105_000110465914064658_0001104659-14-064658.txt

Source: 8-K United States Securities and Exchange Commission

August 18: Egalet: Other Events

[News Story]

http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1586105_000110465914061610_0001104659-14-061610.txt

Source: 8-K United States Securities and Exchange Commission

August 14: Egalet: Regulation FD Disclosure

[News Story]

http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1586105_000110465914060968_0001104659-14-060968.txt

Source: 8-K United States Securities and Exchange Commission

August 12: Egalet: Results of Operations and Financial Condition

[News Story]

http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1586105_000110465914059643_0001104659-14-059643.txt

Source: 8-K United States Securities and Exchange Commission

August 06: Egalet: Other Events

[News Story]

http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1586105_000110465914057355_0001104659-14-057355.txt

Source: 8-K United States Securities and Exchange Commission

July 15: Egalet: Other Events

[News Story]

http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1586105_000110465914051629_0001104659-14-051629.txt

Source: 8-K United States Securities and Exchange Commission

May 13: Egalet: Results of Operations and Financial Condition

[News Story]

http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1586105_000110465914038025_0001104659-14-038025.txt

Source: 8-K United States Securities and Exchange Commission

March 31: Egalet: Other Events

[News Story] UNITED STATES SECURITIES AND EXCHANGE COMMISSION Washington, DC 20549

http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1586105_000110465914024445_0001104659-14-024445.txt

Source: 8-K United States Securities and Exchange Commission

Company Overview (continued)

March 26: Egalet: Results of Operations and Financial Condition

[News Story] On March 26, 2014, Egalet Corporation issued press release announcing its financial results for its fourth quarter and year ended December 31, 2013. A copy of that press release and the attached financial schedules are attached as Exhibit 99.1 to this report and incorporated herein by reference. The information in this report (including Exhibit 99.1) is being furnished pursuant to Item 2.02 and shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act") or otherwise subject to the liabilities of that section, nor shall it be deemed to be incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act.

http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1586105_000110465914022761_0001104659-14-022761.txt

Source: 8-K United States Securities and Exchange Commission

February 20: Egalet: Other Events

[News Story] UNITED STATES SECURITIES AND EXCHANGE COMMISSION Washington, DC 20549

http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1586105_000110465914011740_0001104659-14-011740.txt

Source: 8-K United States Securities and Exchange Commission

Issued Capital

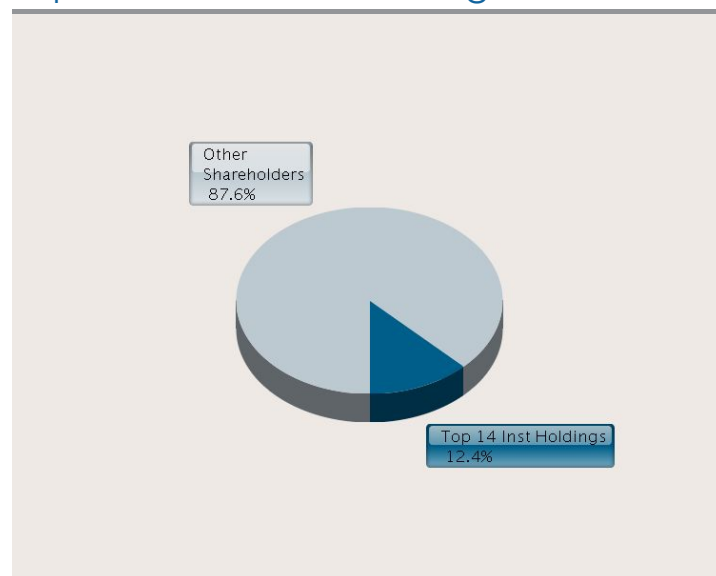
Based on 17,258,663 issued equity shares the market capitalisation is US\$99.2 million.

The top fourteen shareholders hold 12.4% of the issued capital leaving a float of 87.6%.

Top 10 Shareholders

Name of Shareholder	No. of Shares	% Held
Federated Investors Inc /Pa/	1,458,800	8.45
Jpmorgan Chase & Co	235,925	1.37
Tiverton Asset Management Llc	150,000	0.87
Iguana Healthcare Management Llc	100,000	0.58
Wells Fargo & Company/Mn	70,052	0.41
Sac Capital Advisors Lp	31,594	0.18
Northern Trust Corp	23,310	0.14
Geode Capital Management Llc	20,160	0.12
Vanguard Group Inc	19,756	0.11
Nationwide Fund Advisors	14,530	0.08
Total	2,124,127	12.31

Top 14 Institutional Holdings



Board and Management

Robert Radie CEO & President

Mr. Radie is our president and chief executive officer and a member of our board of directors, positions he has held since March 2012. From November 2010 to October 2011, Mr. Radie served as president and chief executive officer of Topaz Pharmaceuticals Inc., a specialty pharmaceutical company acquired by Sanofi Pasteur in the fourth quarter of 2011. From March 2009 to November 2010, Mr. Radie served as president and chief executive officer of Transmolecular, Inc., a biotechnology company developing cancer diagnostic and treatment products, after serving as a consultant to Transmolecular from December 2008 through March 2009. From September 2007 to September 2008, Mr. Radie served as the chief business officer of Prestwick Pharmaceuticals, Inc., a specialty pharmaceutical company. Before joining Prestwick, Mr. Radie served in senior management positions with a number of pharmaceutical and biotechnology companies, including Morphotek, Inc., Vicuron Pharmaceuticals, Inc. and Eli Lilly and Company. Mr. Radie has served as a director of Affinium Pharmaceuticals, Ltd., a specialty pharmaceutical company, since July 2012, and as a director of Horse Power For Life, a non-profit organization dedicated to improving the quality of life for individuals diagnosed with cancer, since 2007. Mr. Radie received his B.S. in chemistry from Boston College.

Stan Musial CFO

Mr. Musial has served as our chief financial officer since April 2013. From June 2011 to March 2013, Mr. Musial was self-employed, acting as an independent consultant in the fields of financial management and accounting services. From January 2005 to May 2011, Mr. Musial served as chief financial officer of Prism Pharmaceuticals, Inc., a specialty pharmaceutical and drug development company. Prior to joining Prism Pharmaceuticals, Mr. Musial was vice president, finance, and chief financial officer for Strategic Diagnostics, Inc., a publicly-held biotechnology company, from 2002 to 2004. Mr. Musial began his career with KPMG LLP, a professional services company. Mr. Musial received a B.S. in accounting from the Pennsylvania State University and an M.B.A. from Temple University. He is a certified public accountant in the Commonwealth of Pennsylvania.

Gregory Weaver Director

Timothy P. Walbert Director

Creation of shareholder value in Egalet:

Since appointment as Director: The present value of USD1,000 invested on the appointment date of March 11, 2014 at close price of US\$18.61 is US\$309, for a capital loss of US\$691.

Financial Results (Quarterly)

30 September, 2014

Quarterly Report: Egalet (NASDAQ:EGLT) \$US10.2m loss

Quarter ended Sep 30, 2014

Highlights

- Loss of \$US10.2m

Unfavourable Changes:

- EPS deterioration 57.0% to -62.8 U.S. cents 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	346.0	746.0	na	Down 53.6	na
Pre Tax Profit/(Loss)	(10,143.0)	(24,522.0)	(5,510.0)	Reduced 58.6	Deterioration 84.1
Profit/(Loss) after Tax	(10,178.0)	(24,573.0)	(5,510.0)	Reduced 58.6	Deterioration 84.7
Net Assets	52,023.0	61,238.0	(1,470.0)	Down 15.0	Recovery
Per Share figures	-	-	-	-	-
EPS	(62.8 U.S. cents)	(\$US1.9)	(40.0 U.S. cents)	Reduced 67.3	Deterioration 57.0

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