

Eleven Biotherapeutics (EBIO : US\$13.18)

Eleven Biotherapeutics tumbles 20.6% in second quarter, underperforming 88% of the market

Eleven Biotherapeutics Inc, NASDAQ's 46th largest medical company by market cap, tumbled US\$3.42 (or 20.6%) in the quarter ended June 30 to close at US\$13.18. This loss means the stock has underperformed 88% of NASDAQ-listed stocks in quarter ended June 30. The volume in the quarter was 0.7 times the average trading of 54,263 shares. Compared with the NASDAQ-100 Index which rose 191.1 points (or 5.2%), this represents a relative price change of -25.8%. In the second quarter the market cap declined US\$58.8 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 has risen above the upper Bollinger band of US\$13.13.
- The stock is overbought according to the Williams % R indicator of -5.4.

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.
- "Total debt equal or less than twice the net quick liquidation value"; total debt of \$US4.5 Million is 1.3 times the net liquidation value of \$US3.51 Million.

Stock Summary

Sector	Medical
Market Cap	US\$212.8 million
Shares Outstanding	16,143,070
ISIN	US2862211065
Relative Strength (3 mo)	12

Financial Summary

Year ended	Dec 2013	Dec 2012	Dec 2011
Sales (USDm)	1.3	-	-
Pretax (USDm)	(18)	(19.7)	(12.8)
Net (USDm)	(21.9)	(22.8)	(14.3)
EPS (USD)	(16.18)	(13.91)	(8.72)

MCap: A Historical Perspective

	Share Price (USD)	Market Cap (\$)
Last	13.2	212.8 million

Analysis

Bullish Signals

- In the last 16 trading sessions there has been a net rise of 20.26%; the stock has advanced thirteen times and the biggest one day rise was 11.8% on Jun 09.
- The Moving Average Convergence Divergence (MACD) indicator of 12-day Exponential Moving Average (EMA) of 12.01 minus the 26-day EMA of 11.79 is positive suggesting a bullish signal. Both the 12-day EMA as well as the 26-day EMA are rising, another bullish signal.
- The stock traded at a three-month high of US\$13.33 today.

Other Bullish Signals:

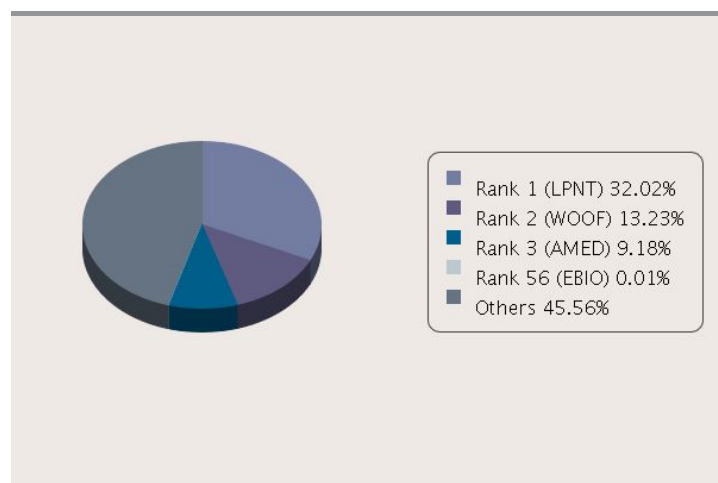
Also, the following criteria set by Benjamin Graham:

- "Total debt equal or less than twice the net quick liquidation value"; total debt of \$US4.5 Million is 1.3 times the net liquidation value of \$US3.51 Million.

Bullish Indicators and Rank in Market:

Description	Value	Rank In Market
%Prem To Vol Wtd Price	14.2	In Top 6%
Price Change %	2.6	In Top Quartile

Revenue Share Medical



Bearish Signals

- The price is at a premium of 14.2% to the 1-month volume weighted average price of US\$11.54. In the past year the premium has been greater than 14.2% just once, suggesting a topish level and cautious buying at the current price.

- The price has risen above the upper Bollinger band of US\$13.13; the stock is also overbought according to the Williams % R indicator of -5.4.
- The current short volume is 2.5 times its own historical average of 0.1%.

Other Bearish Signals:

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

Improvement in long-term debt to total assets from 0.2 to 0.3;
Reduction in total shares on issue.

Bearish Indicators and Rank in Market:

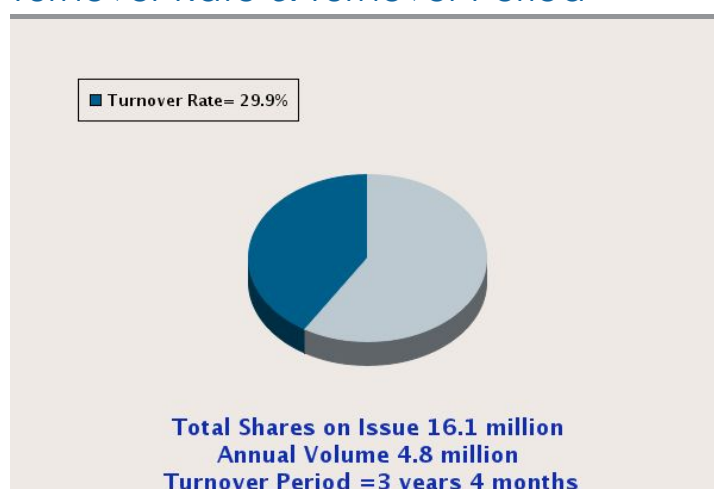
Description	Value	Rank In Market
Volatility %	6.0	In Bottom Quartile
Total Debt to Equity	1.9	In Bottom Quartile
Price/MAP50	0.6	In Bottom 6%
Annual Revenue	US\$1.3 million	In Bottom 1%

Note

Neutral Indicators and Rank in Market:

Description	Value	Rank In Market
MCap	US\$212.8 million	In 3rd Quartile
Turnover in Quarter	US\$29.6 million	In 3rd Quartile

Turnover Rate & Turnover Period



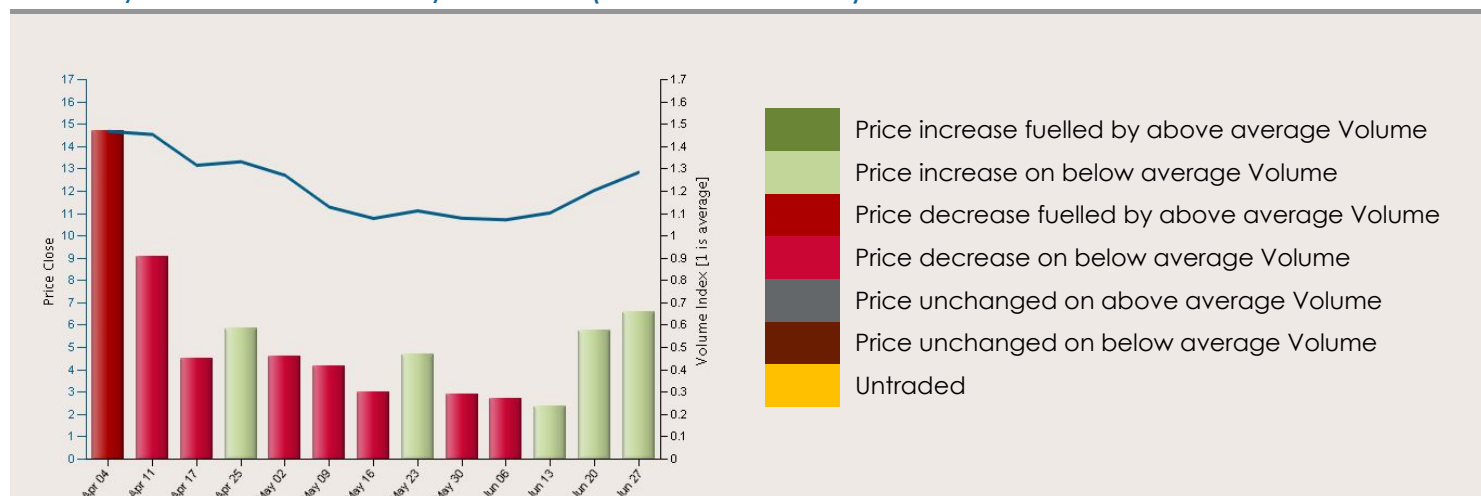
Trailing 3 months

Turnover	US\$29.6 million
Volume	2,249,970
Volume Index (1 is avg)	0.7

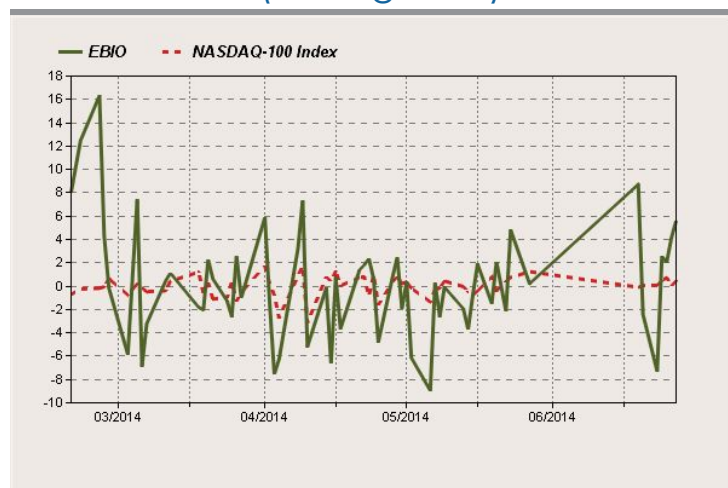
Price Volume Trend: Trailing Quarter



Weekly Price Volume Dynamics (Last 12 Weeks)



Stock v Index (Trailing Year)



Peer Group Analysis

[Sector sorting](#)

Name	Last Price	Relative strength (6-months)	MCap (Millions)	PV \$1000 (1 yr)	Revenue (Millions)	Net Profit (Millions)	Total Assets (Millions)
Egaleet	13.12	-	226	-	-	-20	20
Eleven Biotherapeutics	13.18	-	213	-	1	-22	11
Flexion Therapeutics	13.48	-	210	-	-	-18	19

Company Overview

Activities

Eleven Biotherapeutics, Inc. develops pharmaceuticals products. The Company designs and engineers protein-based medicines to treat inflammatory conditions and coagulation disorders. Eleven Biotherapeutics serves pharmaceutical industry throughout the United States.
Source: www.BuySellSignals.com

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

Regulatory Announcements

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

May 07: Eleven Biotherapeutics to Report First Quarter 2014 Financial Results on May 15, 2014
April 21: Eleven Biotherapeutics to Present at Upcoming Ophthalmology Industry Conferences
April 15: Eleven Biotherapeutics Announces Filing of its Annual Report on Form 10-K
April 01: Eleven Biotherapeutics Added to Russell Indexes on March 31, 2014
March 20: Eleven Biotherapeutics to Present Data on Product Candidates at the ARVO 2014 Annual Meeting
March 04: Eleven Biotherapeutics Reports Clinical and Regulatory Updates for EBI-005
March 03: Eleven Biotherapeutics appoints Director

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

May 15: Eleven Biotherapeutics: Results of Operations and Financial Condition

Issued Capital

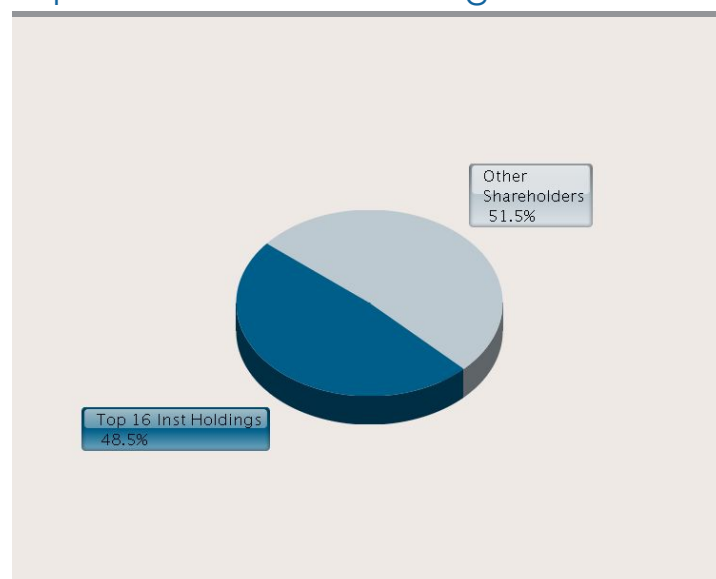
Based on 16,143,070 issued equity shares the market capitalisation is US\$212.8 million. It is NASDAQ's 72nd largest Medical company by assets.

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

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\$853, for a capital loss of US\$147.

Financial Results (Quarterly)

31 March, 2014

INCOME STATEMENT

Currency in Thousand of USD	2014-03-31	2013-03-31	Change %
Collaboration revenue	568		
Operating expenses:			
Research and development	5,819	4,496	Up 29.4
General and administrative	1,938	939	Up 106.4
Total operating expenses	7,757	5,435	Up 42.7
Loss from operations	-7,189	-5,435	Deterioration 32.3
Other income (expense):			
Other income, net	51	2	Up 2,450.0
Interest expense	-84	-79	Deterioration 6.3
Total other expense, net	-33	-77	Reduced 57.1
Net loss and comprehensive loss	-7,222	-5,512	Deterioration 31.0
Cumulative preferred stock dividends	-519	-893	Reduced 41.9
Net loss applicable to common stockholders	-7,741	-6,405	Deterioration 20.9
Net loss per share applicable to common stockholders-basic and diluted	-80.0c	-514.0c	Reduced 84.4
Weighted-average number of common shares used in net loss per share applicable to common stockholders-basic and diluted	9,635,000	1,247,000	Up 672.7

BALANCE SHEET

Currency in Thousand of USD	2014-03-31	2013-12-31	Change %
Assets			
Current assets:			
Cash and cash equivalents	53,964	7,942	Up 579.5
Prepaid expenses and other current assets	443	88	Up 403.4
Total current assets	54,407	8,030	Up 577.5
Property and equipment, net	708	759	Down 6.7
Restricted cash	94	94	Steady
Other assets	18	2,354	Down 99.2
Total assets	55,227	11,237	Up 391.5
Liabilities, convertible preferred stock, and stockholders' equity (deficit)			
Current liabilities:			
Accounts payable	3,070	1,746	Up 75.8
Accrued expenses	457	850	Down 46.2
Notes payable, current portion	1,642	1,642	Steady
Deferred revenue, current portion	1,134	1,115	Up 1.7
Total current liabilities	6,303	5,353	Up 17.7
Deferred revenue, net of current portion	223	355	Down 37.2
Restricted stock liability	8	10	Down 20.0
Notes payable, net of current portion	2,466	2,876	Down 14.3
Warrant liability		297	

Financial Results (Quarterly) (continued)

31 March, 2014

Commitments and contingencies

Series A convertible preferred stock, 0,001 par value; none and 45,445,000 shares authorized at March 31, 2014 and December 31, 2013, respectively, and none and 45,250,000 shares issued and outstanding at March 31, 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 March 31, 2014 and December 31, 2013, respectively, and none and 7,203,845 shares issued and outstanding at March 31, 2014 and December 31, 2013, respectively 11,643

Stockholders' equity (deficit):

Common stock, 0,001 par value; 200,000,000 and 77,688,009 shares authorized at March 31, 2014 and December 31, 2013, respectively, and 16,037,232 and 1,636,137 shares issued and outstanding at March 31, 2014 and December 31, 2013, respectively	16	2	Up 700.0
Additional paid-in capital	111,027	3,260	Up 3,305.7
Accumulated deficit	-64,816	-57,594	Deterioration 12.5
Total stockholders' equity (deficit)	46,227	-54,332	Recovery
Total liabilities, convertible preferred stock, and stockholders' equity (deficit)	55,227	11,237	Up 391.5

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