

CareDx (CDNA : US\$6.28)

CareDx sinks 13% in 2015

CareDx Inc., NASDAQ's 52nd largest Healthcare-Products company by market cap, sank 94.50c (or 13.1%) year to date in 2015 to close at US\$6.28. Compared with the NASDAQ-100 Index which has risen 4.8% YTD, this is a relative price change of -17.8%. The volume YTD has been 1.3 times the average trading of 27,942 shares. In 2015 the market cap has declined US\$11.1 million.

Introduction with Trends

We are currently bullish on this stock in the short-term based on technical indicators, but are more bearish in the long-term based on fundamental metrics

What makes us most bullish on the stock is the following:

- Its Moving Average Convergence Divergence indicators are rising, with its 12-day EMA higher than its 26-day EMA.
- The price to 50-day EMAP ratio is 1.2, a bullish indicator. The 50-day EMAP has increased to US\$5.32.

However, there are some reasons why we remain bearish on the stock for the long-term:

- Return on Capital Employed of 2.8% versus sector average of 5.1% and market average of 10.2%.

stock Summary

Sector	Healthcare-Products
Market Cap	US\$74.1 million
Shares Outstanding	11,792,746
ISIN	US14167L1035
Relative Strength (3 mo)	45

MCap: A Historical Perspective

	Share Price (USD)	Market Cap (US\$)
Last	6.3	74.1 million

Analysis

Bullish Signals

- In the last 7 trading sessions there has been a net rise of 26.6%; the stock has advanced forty times and the biggest one day rise was 8.8% on Jun 03.
- The Moving Average Convergence Divergence (MACD) indicator of 12-day Exponential Moving Average (EMA) of 5.35 minus the 26-day EMA of 5.19 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 four-month high of US\$6.44 today.

Undervaluation:

- The company is cash rich with Cash to Market Capitalisation at 49.2%.
- The Q Ratio, defined by James Tobin as MCap divided by Total Assets, is 1.2. Compared with the rest of the market the stock is undervalued.

Other Bullish Signals:

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



Also, the following criteria set by Benjamin Graham:

- "Total debt less than tangible book value"; total debt of \$US11.4 Million is less than tangible book value of \$US22.6 Million.
- "Current ratio of two or more"; current assets are 3.6 times current liabilities.
- "Total debt equal or less than twice the net quick liquidation value"; total debt of USD11.4 Million is 0.4 times the net liquidation value of USD28.93 Million.

Bullish Indicators and Rank in Market:

Description	Value	Rank In Market
Cash to MCap %	49.2	In Top 1%
%Prem To Vol Wtd Price	21.0	In Top 4%
Price Change %	6.8	In Top 4%

Bearish Signals

- The price is at a premium of 21.0% to the 1-month volume weighted average price of US\$5.19.
- Falls to Rises: In the last three months the number of falls outnumbered rises 29:26 or 1.12:1.
- In the NASDAQ market of 2,382 stocks and 3 units traded today, the stock has a 6-month relative strength of 24 indicating it is trailing 76.0% of the market.
- The Price/MAP of 0.56 for CDNA is lower than the Price/MAP for the NASDAQ-100 Index of 1.0.
- The price to 200-day MAP ratio is 0.56, a bearish indicator. In the past 200 days this ratio has been under 0.56 54 times suggesting further downside. The stock is trading below both its MAPs at US\$11.22 for the 200-day MAP and US\$11.98 for the 50-day MAP, another bearish indicator.
- The price has risen above the upper Bollinger band of US\$5.91; the Stochastic indicator of 97.3 has broken through the overbought line of 80; the stock is also overbought according to the Williams % R indicator of -8.7.
- The current short volume is 7.9 times its own historical average of 0.03%. It soared 173.4% from the previous day, soared 589.4% from a week ago and soared 2,072.7% from a month ago, a significant bearish indicator.

Overvaluation:

- The earnings yield of 1.0% below 10-year bond yield of 2.41%.
- Price/Sales of 2.6 versus sector average of 1.4 and market average of 2.4.

Other Bearish Signals:

- Total Liabilities/ EBITDA of 10 is more than or equal to 5, this compares unfavourably with the Joseph Piotroski benchmark of 5.
- Return on Capital Employed of 2.8% versus sector average of 5.1% and market average of 10.2%.
- The Enterprise Value/EBITDA multiple of 24.8 compares unfavourably with sector average of 15.5.

Analysis (continued)

The stock has a score of merely 3 out of 9 set by Joseph Piotroski [pass mark ≥ 5]:

Positive net income; improvement in current ratio from 1.1 to 3.6; improvement in gross margin [from 57.9% to 70.2%].

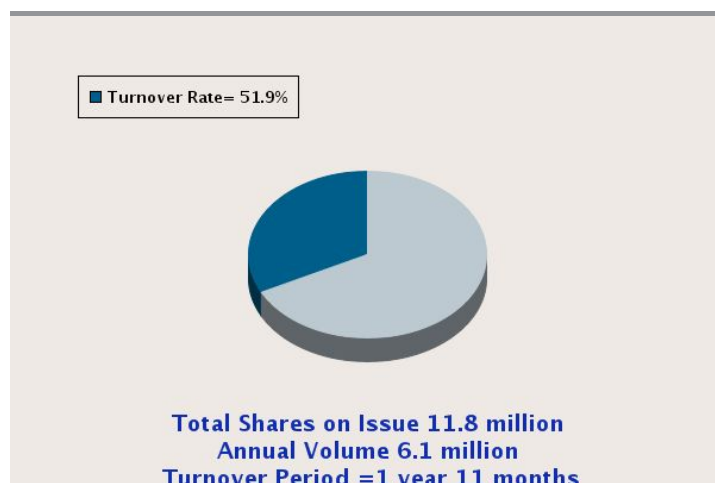
Bearish Indicators and Rank in Market:

Description	Value	Rank In Market
EBITDA Margin %	6.9	In Bottom Quartile
Relative Strength (6M)	24	In Bottom Quartile
MCap	US\$74.1 million	In Bottom Quartile
Annual Revenue	US\$28.7 million	In Bottom Quartile
Turnover in Quarter	US\$11.4 million	In Bottom Quartile
Net Profit Margin %	2.7	In Bottom Quartile
Return on Capital Employed [ROCE] %	2.8	In Bottom 8%
Price/MAP50	0.52	In Bottom 6%
Price/MAP200	0.56	In Bottom 6%
P/E * P/NTA	310.09	In Bottom 5%
Return on Equity [ROE] %	1.9	In Bottom 5%
Volatility %	18.2	In Bottom 2%
Price Earnings	94.8	In Bottom 1%

Insider Trades



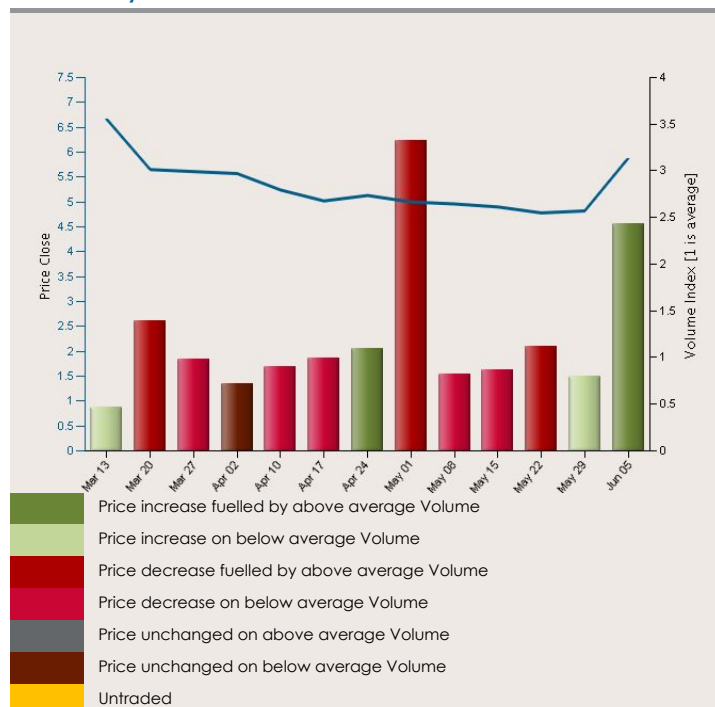
Turnover Rate & Turnover Period



Trailing 3 months

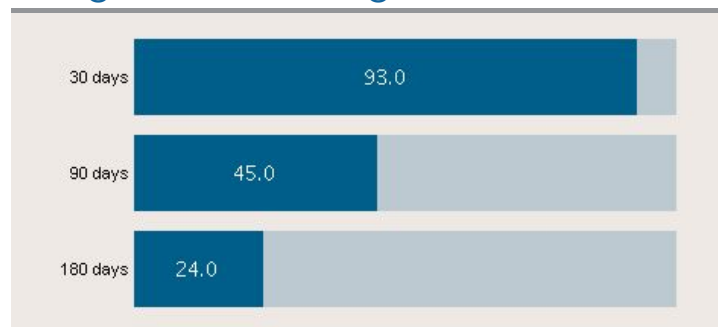
Turnover	US\$11.4 million
Volume	2,135,291
Volume Index (1 is avg)	1.2

Weekly Price Volume Dynamics (Last 12 Weeks)



Analysis (continued)

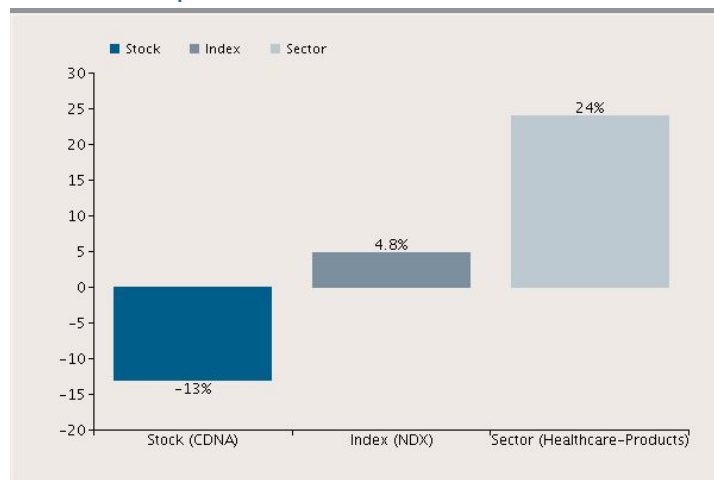
Rising Relative Strength



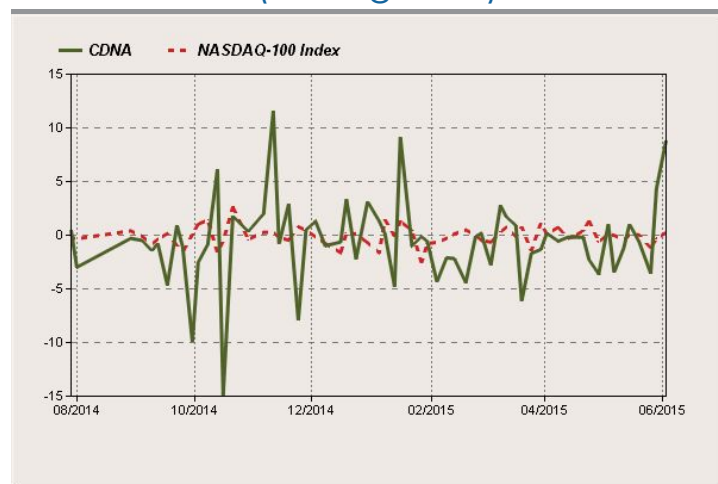
Price/Moving Avg Price [P/MAP200]



YTD Comparison Stock Sector Index



stock v Index (Trailing Year)



Peer Group Analysis

Name	Last Price	Relative Str. (6-months)	MCap (USD)	PV \$1000 (1 yr)	Revenue (USD)	Net Profit (USD)	Total Assets (USD)
Bio Blast Pharma	US\$5.93	17	84.4M				
Scynexis	US\$8.89	31	75.1M	1,052	19M	(5.9M)	39.7M
Lombard Medical	US\$4.60	9	74.5M	630	13.3M	(34.8M)	72.9M
CareDx	US\$6.28	24	74.1M		28.7M	781,000	61.1M
Parnell Pharmaceuticals Holdings	US\$4.34	74	57.7M		7.5M	(13.3M)	36.7M
Aldeyra Therapeutics	US\$7.86	55	54.2M	1,291		(9.6M)	8.8M
Roka Bioscience	US\$2.44	5	44M		25,000	(29.6M)	59.1M

Recent Analyst Recommendations

Date	Brokerage	Action	Past Rating	Current Rating
18-Mar-2015	Mizuho	Lower Price Target	-	Buy
18-Mar-2015	Piper Jaffray	Set Price Target	-	Buy

Company Overview

Activities

CareDx Inc. develops, markets, and delivers a diagnostic surveillance solution for heart transplant recipients. The Company aims to transform long-term patient care in transplantation by offering novel surveillance management solutions.

Further details can be found at
<http://www.xdx.com>.

Industry Group	Healthcare Equipment & Supplies
Economic Sector	Healthcare
Business Sector	Healthcare Services

Regulatory Announcements

AGM date

June 09: CareDx announces AGM

CareDx has announced its Annual General Meeting will take place on June 16, 2015.

Key Developments

June 03: CareDx And Horizon Discovery Group Enter Into A Collaboration For Development Of Cell-free Dna Reference Standards

[News Story]

<link><http://www.nasdaq.com/press-release/caredx-and-horizon-discovery-group-enter-into-a-collaboration-for-development-of-cellfree-dna-20150603-00117></link>

Source: Nasdaq Stock Exchange
[For more details click here.](#)

Conferences/Exhibitions

May 27: CareDx To Present At Jefferies And Jmp Investor Conferences In June

[News Story] BRISBANE, Calif., May 27, 2015 (GLOBE NEWSWIRE) -- CareDx, Inc. (Nasdaq:CDNA), a molecular diagnostics company focused on the development and commercialization of clinically differentiated, high value, non-invasive surveillance solutions for transplant recipients, today announced that Peter Maag, PhD, CEO and President, and Ken Ludlum, Chief Financial Officer, will be presenting at the following upcoming investor conferences:

A live audio webcast of these presentations will be available online from the Investor Relations page of the Company's website at <http://investors.caredxinc.com>.

[For more details click here.](#)

May 13: CareDx, Inc. Reports First Quarter 2015 Financial Results

[News Story] Quarterly Revenue Growth of 22% Year Over Year

Cell-Free DNA Technology Advances With the Release of Clinical Data and the Start of a Clinical Trial

BRISBANE, Calif., May 12, 2015 (GLOBE NEWSWIRE) -- CareDx, Inc. (Nasdaq:CDNA), a molecular diagnostics company focused on the development and commercialization of clinically differentiated, high value, non-invasive surveillance solutions for transplant recipients, today reported financial results for the three months ended March 31, 2015.

<link><http://www.nasdaq.com/press-release/caredx-inc-reports-first-quarter-2015-financial-results-20150512-01159></link>

Source: Nasdaq Stock Exchange
[For more details click here.](#)

May 04: CareDx Announces First Patients Enrolled in Largest-Ever Multicenter Kidney Transplant Study Using Cell-Free DNA Technology

[News Story] BRISBANE, Calif., May 4, 2015 CareDx, Inc. (Nasdaq:CDNA), a molecular diagnostics company focused on the development and commercialization of clinically differentiated, high value, non-invasive surveillance solutions for transplant recipients, today announced that the Cleveland Clinic has enrolled the first patients into a multicenter observational study designed to demonstrate the clinical performance characteristics of circulating cell-free DNA (cfDNA) in detecting clinical and sub-clinical rejection in kidney allograft recipients.

[For more details click here.](#)

April 16: CareDx Cell-Free DNA (cfDNA) Biomarker in Combination With AlloMap(R) Increases Accuracy of Identification of Rejection in Heart Transplant Recipients

[News Story] BRISBANE, Calif. and NICE, France, April 16, 2015 (GLOBE NEWSWIRE) -- CareDx, Inc. (Nasdaq:CDNA), a molecular diagnostics company focused on the development and commercialization of clinically differentiated, high value, non-invasive surveillance solutions for transplant recipients, today announced new evidence that the proportion of cell-free DNA (cfDNA) derived from the transplanted organ and found in the bloodstream of the recipient is correlated to the rejection status of the organ.

[For more details click here.](#)

Company Overview (continued)

April 09: CORRECTION -- CareDx to Present New Data on AlloMap(R) and Cell-Free DNA (cfDNA) Biomarker in Heart Transplant Recipients at ISHLT 2015

[News Story] BRISBANE, Calif., April 8, 2015 (GLOBE NEWSWIRE) -- Please note that in the release issued earlier today by CareDx, Inc. (Nasdaq:CDNA), the media briefing and analyst and investor event schedules contained incorrect information when referencing Eastern Time. The corrected information follows:

A media briefing, "Further Advancements of Cell-Free DNA as an Important Biomarker for Transplant Recipients - CARGO II and Beyond" will take place on Thursday, April 16th, beginning at 8:00 a.m.

[For more details click here.](#)

8-K other news

May 12: CareDx: Results of Operations and Financial Condition

[News Story]

http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1217234_000119312515183990_0001193125-15-183990.txt

Source: 8-K United States Securities and Exchange Commission

March 17: CareDx: Results of Operations and Financial Condition

[News Story]

http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1217234_000119312515095377_0001193125-15-095377.txt

Source: 8-K United States Securities and Exchange Commission

February 04: CareDx: Entry into a Material Definitive Agreement

[News Story]

http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1217234_000119312515033139_0001193125-15-033139.txt

Source: 8-K United States Securities and Exchange Commission

November 10: CareDx: Results of Operations and Financial Condition

[News Story]

http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1217234_000119312514406144_0001193125-14-406144.txt

Source: 8-K United States Securities and Exchange Commission

September 17: CareDx: Entry into a Material Definitive Agreement

[News Story]

http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1217234_000119312514344395_0001193125-14-344395.txt

Source: 8-K United States Securities and Exchange Commission

August 27: CareDx: Results of Operations and Financial Condition

[News Story]

http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1217234_000119312514323652_0001193125-14-323652.txt

Source: 8-K United States Securities and Exchange Commission

Sector Sorting

For Company searches, or for sorting by stocks and variables, an interactive version of today's Table is available [here](#)

Issued Capital

Based on 11,792,746 issued equity shares the market capitalisation is US\$74.1 million. It is NASDAQ's 35th largest Healthcare-Products company by assets.

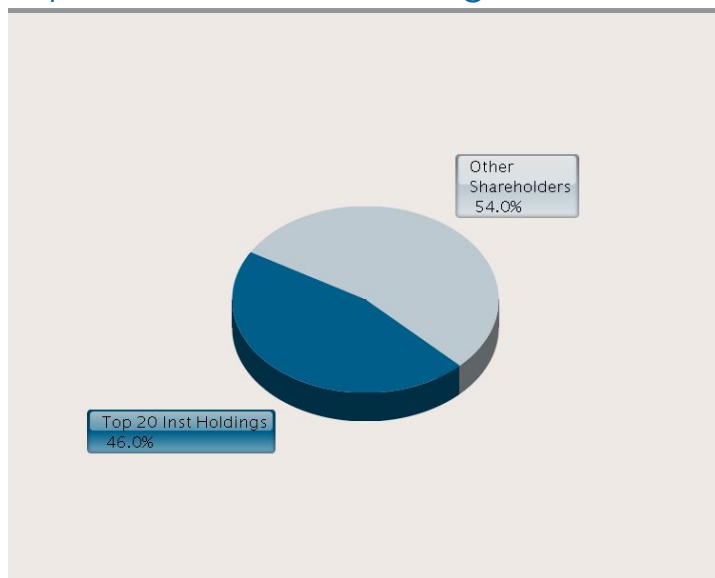
The top twenty seven shareholders hold 52.3% of the issued capital leaving a float of 47.7%.

Top 10 Shareholders

Name of Shareholder	No. of Shares	% Held
Gagnon Securities Llc	1,089,561	9.24
Credit Suisse Ag/	642,377	5.45
Gagnon Advisors Llc	610,401	5.18
California Public Employees Retirement System	175,000	1.48
Federated Investors Inc /Pa/	139,602	1.18
Gabelli Funds Llc	125,000	1.06
Dafna Capital Management Llc	123,883	1.05
Goldman Sachs Group Inc	99,759	0.85
Vanguard Group Inc	46,500	0.39
Spark Investment Management Llc	34,800	0.3
Total	3,086,883	26.18

Company Overview (continued)

Top 20 Institutional Holdings



Board and Management



Ken Ludlum
CFO

Mr. Ludlum has more than 25 years of experience in the medical device industry, most recently serving as the Vice President and Chief Financial Officer of EndoGastric Solutions, Inc., a medical device company based in San Mateo, California. His service as chief financial officer at several public companies has provided him with extensive financial and accounting experience, and knowledge of accounting principles, financial reporting rules, and regulations. He has served on the boards of several private and public companies. Mr. Ludlum holds a Bachelor of Science degree in business from Lehigh University and a Master of Business Administration degree from Columbia University.



Peter Maag
CEO & President & Director

Dr. Maag has over 20 years of executive management experience in the pharmaceutical and diagnostic industry. Prior to joining CareDx, Dr. Maag was President of Novartis Diagnostics based in Emeryville, California. He headed the expansion of the unit with worldwide growth in its blood screening business and established new ventures in molecular diagnostics. Dr. Maag also led one of Novartis' key affiliates as Country President, Germany, and lived in a dynamically-growing and emerging market as Country President, Korea. At Novartis headquarters in Switzerland, he helped launch the Infectious Diseases franchise and served as the Head of Strategy for Novartis Pharmaceuticals. Prior to joining Novartis, Dr. Maag worked for 6 years at McKinsey & Company in New Jersey and Germany, focusing on pharmaceuticals and globalization strategies. Supporting various healthcare and high tech companies in their growth efforts, he holds board and advisory positions at Phoenix, MolecularMD, and Cobaltix. Dr. Maag studied pharmaceutical sciences in Heidelberg and London, and received his PhD from the University of Berlin, Germany.

Michael Goldberg
Chairman & Director

Michael Goldberg has served as a member and chairman of our board of directors since November 2011. Mr. Goldberg has served as a director and chairman of the board of Nodality, Inc., a private molecular diagnostics company, and as an advisor to other private life science companies since May 2011. From January 2005 to May 2011, Mr. Goldberg was a partner at Mohr Davidow Ventures, a venture capital firm, where he led life sciences investments in the area of molecular diagnostics, personalized medicine, and wireless healthcare. From October 2000 to December 2004, Mr. Goldberg operated a management and financial consultancy business. In 1995, Mr. Goldberg founded OnCare, Inc., an oncology disease management company, and served as chairman until August 2001 and as chief executive officer until March 1999. In 1987, Mr. Goldberg founded Axion, Inc., a cancer treatment services company, and served as chief executive officer until its sale in 1995. Prior to Axion, Mr. Goldberg was a partner at the venture capital firm, Sevin Rosen Management Company, from 1985 to 1987, where he established the firm's life science practice, and was director of corporate development at Cetus Corporation from 1981 to 1985. Mr. Goldberg has served as a member of the board of directors of numerous companies in the biotech and health sciences industry, and currently serves as executive chairman of DNAnexus, Inc.

Matthew J. Meyer,
Chief Business Officer

Matthew J. Meyer has served as our Chief Business Officer since February 2012. Prior to that, he served as our Vice President of Corporate Development and Legal Affairs starting in August 2010. Mr. Meyer has over 15 years of business development, marketing, legal, and commercial experience in the global life sciences industry. Prior to joining CareDx, Mr. Meyer was Vice President, Business Development and General Counsel at Cerimon Pharmaceuticals from January 2008 to August 2010, where he led the in-license and partnering of prescription pharmaceuticals in the fields of pain and inflammation. Prior to that, Mr. Meyer held senior management positions at Draeger Medical Systems, the US subsidiary of the German-based global medical device company, most recently serving as Vice President and General Counsel. Prior to Draeger, Mr. Meyer held positions of increasing responsibility at Novartis Pharma AG in Basel, Switzerland, including serving as Head of Global Marketing Channel Innovations, a role in which he helped foster greater marketing and sales effectiveness through the use of innovative technology-based initiatives. Previously, Mr. Meyer was the Vice President, Global Business Development and Legal Affairs at RxCentric, Inc (acquired by Allscripts in 2003), which was a leader in online life science marketing programs to physicians. Prior to that, Mr. Meyer served as a commercial and transactional attorney at Pfizer Inc, working in the US headquarters and the United Kingdom. Mr. Meyer graduated cum laude and Phi Beta Kappa with a Bachelor of Arts degree from Cornell University. He earned his Juris Doctor degree from Villanova University School of Law.

Board and Management (continued)



James Yee
Executive Vice President

Dr. James Yee brings more than 25 years of research and development experience. Most recently, Dr. Yee served as Vice President and Head of Development for Celera Genomics, where he built the development organization at Celera South San Francisco and led clinical research and therapeutic development activities for cancer and immune-mediated inflammatory diseases. Prior to his work at Celera, Dr. Yee served as Vice President of Clinical and Pre-Clinical Research for the Inflammatory and Viral Diseases Unit at Roche Pharmaceuticals. In this role, he led the team responsible for selecting and evaluating compounds for clinical drug development and oversaw groups responsible for toxicology, drug metabolism, pharmacokinetics, bioanalytical chemistry, analytical chemistry, formulations, regulatory affairs, project management, and clinical research. Earlier in his career, Dr. Yee held a variety of research and development positions of increasing responsibility at Syntex Corporation, including Vice President and Director of the Institute for Clinical Medicine. Dr. Yee received his bachelor's degree from the University of California at Berkeley in electrical engineering and computer science. Dr. Yee went on to earn a PhD in biophysics at University of California at Berkeley. He attended the University of California, Los Angeles School of Medicine, where he earned his medical degree, and he is board certified in internal medicine.



Mitchell J. Nelles
Chief Operating Officer

Dr. Mitch Nelles has more than 20 years of management and research and development experience in a variety of in vitro diagnostic (IVD) technology and business areas. Dr. Nelles joined CareDx from bioMerieux Inc, where he was Vice President of North America Research and Development and responsible for product development and project management for the bacteriology, molecular diagnostics, immunodiagnostics, and hemostasis business franchises. Prior to his work at bioMerieux, Dr. Nelles served as the Vice President of R&D at TriPath Oncology (TriPath Imaging) where he led the efforts to develop molecular-based products for the diagnosis and prognosis of breast and cervical cancer. Earlier in his career, Dr. Nelles held a variety of technical and managerial positions of increasing responsibility, including Vice President, Transfusion Medicine and Immunodiagnostic Assay R&D at Ortho Clinical Diagnostics (Johnson & Johnson) where he led the worldwide research and development activities in support of the blood screening, blood typing, immunodiagnostic, and RhoGAM business franchises. Dr. Nelles received his bachelor's degree from Rutgers College in biological sciences, his PhD in immunology/biomedical sciences from the University of Texas, Health Sciences Center at Dallas (UTHSCD)/Southwestern Medical School, and completed postdoctoral training in immune regulation at Brandeis University.

Board and Management (continued)

George W. Bickerstaff, III Director

George W. Bickerstaff, III has served as a member of our board of directors since April 2014. Mr. Bickerstaff is currently the managing director of M.M. Dillon & Co., LLC, which he joined in 2005. Prior to that, Mr. Bickerstaff held various positions with Novartis International AG, a global leader in pharmaceuticals and consumer health, including chief financial officer of Novartis Pharma AG from October 2000 to May 2005. From December 1999 to September 2000, Mr. Bickerstaff served as executive vice president and chief financial officer of Workscape, Inc., a provider of employee-related information services. From July 1998 to December 1999, Mr. Bickerstaff served as executive vice president and chief financial officer of Uniscribe Professional Services, Inc., a nationwide provider of paper and technology-based document management solutions. From January 1998 to June 1998, Mr. Bickerstaff served as executive vice president and chief financial officer of Intellisource Group, Inc., a provider of information technology solutions to the federal, state and local government and utility markets. From July 1997 to December 1997, Mr. Bickerstaff served as vice president of finance at Cognizant Corporation, a global business information services company. From January 1990 to June 1997, Mr. Bickerstaff served in various senior finance roles, including chief financial officer of IMS Healthcare, a global business information services company in the healthcare and pharmaceutical industries.

Fred E. Cohen Director

Fred E. Cohen has served as a member of our board of directors since January 2003. Dr. Cohen is a Partner at TPG, a global private equity firm. Dr. Cohen joined TPG in 2001, and serves as head of TPG's biotechnology group. Dr. Cohen continues to serve as an Adjunct Professor of Cellular and Molecular Pharmacology at the University of California, San Francisco, where he has taught since 1988. Dr. Cohen has played a role on the boards of directors or scientific advisory boards of a variety of biotechnology companies. He currently serves on the board of directors of Genomic Health Inc., Quintiles Transnational Holdings, Inc., BioCryst Pharmaceuticals, Inc., CardioDx, Inc., and Five Prime Therapeutics, Inc., as well as multiple other private companies. He received his MD from Stanford University, his DPhil in Molecular Biophysics from Oxford University as a Rhodes Scholar, and his BS in Molecular Biophysics and Biochemistry from Yale University. Dr. Cohen was elected to the Institute of Medicine of the National Academics in 2004 and the American Academy of Arts and Sciences in 2008.

William A. Hagstrom Director

Hagstrom brings extensive executive and board-level expertise in the field of diagnostics. In 2007, he secured financing for Crescendo Bioscience, a specialty diagnostics company focused on autoimmune and inflammatory diseases managed by rheumatologists. Serving as president and chief executive officer, he led the development of the company's product pipeline, operations infrastructure and commercial strategy. This included Vectra DA, a molecular diagnostic test to quantitatively assess rheumatoid arthritis disease activity, VectraView, a software system for RA population management and MyRA, a patient self-tracking application. The company was recognized on the Inc. 500 list of fastest growing private companies, the Deloitte Fast 500, Red Herring 100 and by Frost & Sullivan for Best in Class Diagnostics. In 2014, Crescendo was acquired by Myriad Genetics as a wholly owned subsidiary. Hagstrom is currently the founder and CEO of Octave Bioscience, an early stage molecular diagnostics company focused on neurodegenerative diseases and conditions. Prior to joining Crescendo Bioscience, Hagstrom was president of Alpha BioPartners, a strategic consulting firm for early stage biotechnology companies. While at Alpha, he co-founded Biolytx Pharmaceuticals and Altheus Therapeutics. He also served as interim CEO of Selexys Pharmaceuticals and Inoveon. Previous to this he was Chairman and CEO of UroCor, a specialty diagnostics company focused on urological cancers and complex diseases. Under his leadership, the company was an Inc. 500 company from 1992, 1993, 1994 and 1995, before becoming public in 1996. Previously, Hagstrom held executive positions at some of the largest multinational healthcare companies in the world, including Becton Dickinson, American Hospital Supply and Baxter International, where he served as vice president of the company's billion-dollar scientific products division.

Hagstrom has served on a variety of Boards over the last 15 years, including Prometheus Laboratories. He received a BS degree in business management from Bob Jones University, in Greenville, SC.

Creation of shareholder value in CareDx:

Since appointment as Director: The present value of USD1,000 invested on the appointment date of March 02, 2015 at close price of US\$6.50 is US\$966, for a capital loss of US\$34.

Board and Management (continued)

Ralph Snyderman **Director**

Ralph Snyderman has served as a member of our board of directors since May 2005. Dr. Snyderman has held the position of chancellor emeritus and James B. Duke Professor of Medicine at Duke University since July 2004. From January 1989 to June 2004, he served as chancellor for health affairs at the Duke University School of Medicine, and was the founding CEO and president of the Duke University Health System. From January 2006 to November 2009, he consulted for New Enterprise Associates, a venture capital firm, as a venture partner. He previously served on the boards of directors of The Procter & Gamble Company, Pharmaceutical Product Development, LLC (PPD), Trevena, Inc., Crescendo Bioscience, Inc. and Targacept, Inc. He currently serves on the boards of Nodality, Inc., Press Ganey Associates, Inc., and Liquida Technologies, Inc. Dr. Snyderman is a member of the Association of American Physicians, where he served as president from 2003 to 2004, the Association of American Medical Colleges, where he served as chair from 2001 to 2002, the Institute of Medicine, and the American Academy of Arts & Sciences. Dr. Snyderman holds a BS in pre-medical studies from Washington College, an MD from the State University of New York, Downstate Medical Center, and completed an internship and residency in Medicine at Duke University. Our board of directors has concluded that Mr. Snyderman possesses specific attributes that qualify him to serve as a member of our board of directors, including his strong background in personalized medicine and broad experience in the healthcare industry.

John J. Sninsky **Chief Scientific Officer**

Dr. John Sninsky brings more than 30 years of diagnostic experience to CareDx, having served in a variety of increasingly senior roles at early stage biotechnology and global pharmaceutical companies. His experience spans IVD diagnostic product and small

Financials

Annual Report for the year ended December 31, 2014

year-on-year comparisons with previous corresponding period

Debt to Equity of 0.3

- Total liabilities to total assets of 0.3.

Favourable Changes

- Total revenue up 33.1% to \$US28.7m.

Unfavourable Changes

- Operating cash flow is negative
- Total revenue to total assets down 78.5% to 0.5.

Major Common Size Ratios

- Total current assets to total assets down from 82.8% to 66.0%
- Cash to total assets up from 51.9% to 59.6%
- Total non-current assets to total assets up from 17.2% to 34.0%
- Current debtors to total assets down from 23.0% to 4.4%
- Cost of goods sold to sales down from 42.1% to 29.8%
- Administration expenses to Sales up from 22.3% to 29.4%
- Sales and marketing expenses to sales down from 27.3% to 22.6%
- Interest expenses to sales down from 10.0% to 7.4%.

Financial Results (Annual)

31 December, 2014

INCOME STATEMENT

Currency in Thousand of USD	2014-12-31	2013-12-31	Change %
Revenue:			
Testing revenue	25,842	21,672	Up 19.2
Collaboration and license revenue	1,464	426	Up 243.7
Total revenue	27,306	22,098	Up 23.6
Operating expenses:			
Cost of testing	8,541	9,078	Down 5.9
Research and development	3,846	3,176	Up 21.1
Sales and marketing	6,472	5,892	Up 9.8
General and administrative	8,436	4,809	Up 75.4
Change in estimated fair value of contingent consideration	1,239		
Total operating expenses	26,056	22,955	Up 13.5
Income (loss) from operations	1,250	-857	Recovery
Interest expense, net	2,116	2,149	Down 1.5
Other income (expense), net	147	-536	Recovery
	1,386	-536	Recovery
Loss before income taxes	-719	-3,542	Reduced 79.7
Income tax benefit	-1,500		
Net income (loss)	781	-3,542	Recovery
Net income (loss) per share :			
Basic	13.0c	-350.0c	Recovery
Diluted	10.0c	-350.0c	Recovery
Shares used to compute net income (loss) per share:			
Basic	5,815,928	1,010,795	Up 475.4
Diluted	9,283,001	1,010,795	Up 818.4

BALANCE SHEET

Currency in Thousand of USD	2014-12-31	2013-12-31	Change %
Assets			
Current assets:			
Cash and cash equivalents	36,431	5,128	Up 610.4
Accounts receivable	2,687	2,270	Up 18.4
Inventory	686	518	Up 32.4
Prepaid and other assets	542	255	Up 112.5
Total current assets	40,346	8,171	Up 393.8
Property and equipment, net	1,968	1,553	Up 26.7
Intangible assets, net	6,650		
Goodwill	12,005		
	18,655		
Restricted cash	147	147	Steady
Other noncurrent assets	25	2	Up 1,150.0

Financial Results (Annual) (continued)

31 December, 2014

	20,795	1,702	Up 1,121.8
Total assets	61,141	9,873	Up 519.3
Liabilities, convertible preferred stock, and stockholders' equity (deficit)			
Current liabilities:			
Accounts payable	1,128	618	Up 82.5
Accrued payroll liabilities	1,684	1,386	Up 21.5
Accrued and other liabilities	1,616	1,048	Up 54.2
Accrued royalties	241		
Deferred revenue	505	80	Up 531.2
Current portion of long-term debt	5,961	4,461	Up 33.6
Total current liabilities	11,135	7,593	Up 46.6
Accrued royalties		2,804	
Deferred rent, net of current portion	1,684	1,885	Down 10.7
Deferred revenue, net of current portion	471	1,623	Down 71.0
Long-term portion of debt and other, net of current portion	5,451	10,914	Down 50.1
Convertible preferred stock warrant liability		525	
Contingent consideration	1,074		
Other liabilities	28		
Total liabilities	19,843	25,344	Down 21.7
Commitments and contingencies			
Convertible preferred stock: 0.001 par value; 0 and 6,417,954 shares authorized at December31, 2014 and 2013, respectively; 0 and 5,155,673 shares issued and outstanding at December31, 2014 and 2013, respectively; liquidation value of 0 and 137,221 at December31, 2014 and 2013, respectively		135,202	
Stockholders' equity (deficit):			
Preferred stock: 0.001 par value; 10,000,000 and 0 shares authorized at December31, 2014 and December31, 2013, respectively; 0 and 0 shares issued and outstanding at December31, 2014 and December31, 2013, respectively			
Common stock: 0.001 par value; 100,000,000 and 7,737,226 shares authorized at December31, 2014 and December31, 2013, respectively; 11,803,970 and 1,010,711 shares issued and outstanding at December31, 2014 and December31, 2013, respectively	12	1	Up 1,100.0
Additional paid-in capital	200,661	9,482	Up 2,016.2
Accumulated deficit	-159,375	-160,156	Reduced 0.5
Total stockholders' equity (deficit)	41,298	-150,673	Recovery
Total liabilities, convertible preferred stock and stockholders' equity (deficit)	61,141	9,873	Up 519.3

CASH FLOW

Currency in Thousand of USD	2014-12-31	2013-12-31	Change %
Operating activities:			
Net income (loss)	781	-3,542	Recovery

Financial Results (Annual) (continued)

31 December, 2014

Adjustments to reconcile net income (loss) to net cash used in operating activities:

Depreciation and amortization	512	663	Down 22.8
Stock-based compensation	535	72	Up 643.1
Amortization of deferred revenue	-727	-193	Deterioration 276.7
Amortization of debt discount and noncash interest expense	799	553	Up 44.5
	72	360	Down 80.0
Revaluation of warrants and derivatives to estimated fair value	-1,464	525	Deterioration

Non-cash income tax benefit in connection with business combinations -1,500

Changes in operating assets and liabilities:

Accounts receivable	-417	-1,318	Reduced 68.4
Inventory	-168	58	Deterioration
Prepaid and other assets	-310	-4	Deterioration 7,650.0
Accounts payable	510	-19	Recovery
Accrued payroll liabilities	298	408	Down 27.0
Accrued royalties	-2,563	1,259	Deterioration
Deferred revenue		1,083	
Accrued and other liabilities	364	-91	Recovery
Net cash used in operating activities	-3,350	-546	Deterioration 513.6

Investing activities:

Purchase of investments

Sales of investments

Maturities of investments

Purchase of property and equipment	-733	-98	Deterioration 648.0
Payment for acquisitions, net of cash acquired	-600		
Net cash (used in) provided by investing activities	-1,333	-98	Deterioration 1,260.2

Financing activities:

Proceeds from initial public offering, net of underwriters discount 39,246

Payment of initial public offering costs -3,733

Proceeds from subordinated convertible debt, net of issuance costs 4,982

Proceeds from issuance of convertible preferred stock, net of issuance costs

Proceeds from debt, net of issuance costs

Proceeds from exercise of stock options 19

Principal payments on debt -4,528 -58 Deterioration 7,706.9

Net cash provided by (used in) financing activities 35,986 -58 Recovery

Financial Results (Annual) (continued)

31 December, 2014

Net increase (decrease) in cash and cash equivalents	31,303	-702	Recovery
Cash and cash equivalents at beginning of period	5,128	5,830	Down 12.0
Cash and cash equivalents at end of period	36,431	5,128	Up 610.4

EBITDA AND MARGINS

	2014-12-31	2013-12-31	
Gross Profit Margin %	70.23	57.9	
EBITDA Margin %	6.9	-1.72	
Earnings from Cont. Ops. Margin %	4.87	-6.46	
Net Income Margin %	2.72	-16.43	

PERFORMANCE RATIOS

	2014-12-31	2013-12-31	Change %
Return on Equity (%)	1.89		
Return on Assets (%)	1.28	-35.88	Recovery
Total debt to net tangible assets (%)	50.4	-10.2	
Total Liabilities to EBITDA	10.02	-68.5	Recovery
Total Liabilities to Operating Cash Flow	-5.92	-46.42	Reduced 87.2
Debt/Equity	0.28		
Total Liabilities/Total Assets	0.32	2.57	Down 87.4
Interest Cover	0.66	-0.65	Recovery
Current Ratio	3.62	1.08	Up 236.7

PER SHARE FIGURES

	2014-12-31	2013-12-31	Change %
Sales	US\$4.70	US\$21.86	Down 78.5
EBIT	24.02c	-137.81c	Recovery
EBITDA	34.06c	-36.60c	Recovery
Cash	US\$6.26	US\$5.07	Up 23.5
Working Capital	US\$5.02	57.18c	
Shareholders' Funds	US\$7.10	-14,906.39c	Recovery
Total Liabilities	US\$3.41	US\$25.07	Down 86.4
Total Assets	US\$10.51	US\$9.77	Up 7.6
Current Debt	US\$1.02	US\$4.41	Down 76.8
Non Current Debt	93.73c	US\$10.80	Down 91.3
Total Debt	US\$1.96	US\$15.21	Down 87.1
Net Tangible Assets	US\$3.89	-14,906.39c	Recovery
EPS Final	10.0c	-350.0c	Recovery

Glossary

Return on Equity (Shareholders' Funds):

Net Profit/Net Assets (%)

Price Close/Moving Av Price:

Latest Price/Moving Average Price

Current Ratio:

Current Assets/Current Liabilities (times)

Debt/Equity:

Net Debt/Net Assets (times)

Interest Cover:

Earnings Before Interest and Tax/Interest (times)

Cash/Mcap:

Cash plus Liquids/Market Capitalisation (times)

Moving Average Price (n periods):

Sum of Prices for each Period/Number of Periods

Return on Assets:

Net Profit/Total Assets (%)

Price/Sales PS:

Share Price/Sales Per Share (times)

Earnings Yield Actual:

Earnings Per Share/Share Price (%)

Total Liabilities/Total Assets:

Total Liabilities/Total Assets

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