

Concert Pharmaceuticals (CNCE : US\$16.0)

Concert Pharmaceuticals climbs 15% in 2015, outperforming Medical sector

Concert Pharmaceuticals Inc, NASDAQ's 36th largest medical company by market cap, has now climbed US\$2.05 (or 14.7%) year to date in 2015 to close at US\$16.0. This gain makes the stock the highest rising one in the Medical sector which is up 13.4% in 2015. The volume YTD has been 0.6 times average trading of 138,761 shares. Compared with the NASDAQ-100 Index which has risen 5.5% YTD, this represents a relative price increase of 9.2%. In 2015 the market cap has jumped US\$37.3 million. Revenue slumped at a disappointing 87.7% year-on-year.

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\$15.29.
- The Q Ratio, defined by James Tobin as MCap divided by Total Assets, is 7.3. Compared with the rest of the market the stock is overvalued and ranks in the bottom 6% of stocks by value of Q Ratio.
- In the last three months the number of falls outnumbered rises 32:29 or 1.1:1.

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

- In the last three months the stock has hit a new 52-week high once.
- "A stock price down to two-thirds of "net current asset value" or "net quick liquidation value"; the price is 0.6 times net current asset value of \$US25.8 per share.

Stock Summary

52-Week Range	US\$7.15-US\$16.0
Sector	Medical
Market Cap	US\$291 million
Shares Outstanding	18,186,339
ISIN	US2060221056
Relative Strength (3 mo)	88

Financial Summary

Year ended	Dec 2013	Dec 2012	Dec 2011
Sales (USD)	25.408M	12.849M	19.47M
Pretax (USD)	-	-	(11.32M)
Net (USD)	(6.452M)	(20.832M)	(12.39M)
EPS (USD)	(4.99)	(16.15)	(1.1)

MCap: A Historical Perspective

	Share Price (USD)	Market Cap (US\$)
Last	16.0	291 million
1 Year ago	14.9	256.9 million

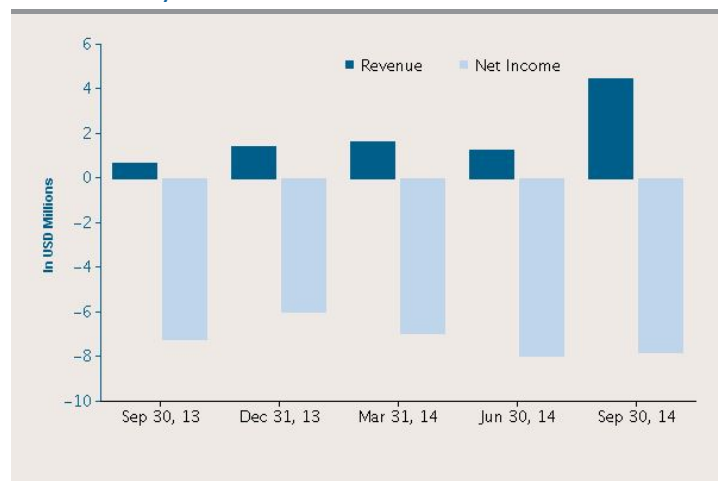
Analysis

Bullish Signals

- In the NASDAQ market of 2,407 stocks traded today, the stock has a 6-month relative strength of 98 which means it is beating 98% of the market.
- A price rise combined with a high relative strength is a bullish signal.
- The Moving Average Convergence Divergence (MACD) indicator of 12-day Exponential Moving Average (EMA) of 14.07 minus the 26-day EMA of 13.62 is positive suggesting a bullish signal. Both the 12-day EMA as well as the 26-day EMA are rising, another bullish signal.
- The Price/MAP of 1.14 for CNCE is higher than the Price/MAP for the NASDAQ-100 Index of 0.3.
- The price to 200-day MAP ratio is 1.14, a bullish indicator. In the past 200 days this ratio has exceeded 1.14, 21 times suggesting further upside. The 50-day MAP of US\$22.30 is higher than the 200-day MAP of US\$14.09, a bullish indicator. The 200-day MAP has increased to US\$14.09. An increase is another bullish indicator.
- In the last three months the stock has hit a new 52-week high once.

Other Bullish Signals:

Quarterly Revenue & Net Income



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



Also, the following criteria set by Benjamin Graham:

- "A stock price down to two-thirds of "net current asset value" or "net quick liquidation value"; the price is 0.6 times net current asset value of \$US25.8 per share.
- "Current ratio of two or more"; current assets are 2.1 times current liabilities.

Bullish Indicators and Rank in Market:

Description	Value	Rank In Market
Price Change %	17.0	In Top 2%
Relative Strength (6M)	98	In Top 4%
%Prem To Vol Wtd Price	17.4	In Top 6%
Price/MAP200	1.14	In Top Quartile

Bearish Signals

- The price is at a premium of 17.4% to the 1-month volume weighted average price of US\$13.62. Given that this premium has been under 17.4% two hundred thirty-five times and over 17.4% twelve times in the last year, the downside:upside probability is estimated at 235:12 or 19.6:1.
- The price has risen above the upper Bollinger band of US\$15.29.
- The current short volume is 1.5 times its own historical average of 0.2%. It lifted 2.7% from the previous day, climbed 6.0% from a week ago, a bearish indicator.

Overvaluation:

- Price/Sales of 11.45 versus sector average of 3.0 and market average of 2.4.

Analysis (continued)

- The Q Ratio, defined by James Tobin as MCap divided by Total Assets, is 7.3. Compared with the rest of the market the stock is overvalued and ranks in the bottom 6% of stocks by value of Q Ratio.

Other Bearish Signals:

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

Positive operating cashflow.

Bearish Indicators and Rank in Market:

Description	Value	Rank In Market
Annual Revenue	US\$25.4 million	In Bottom Quartile
Price/MAP50	0.72	In Bottom Quartile
Price to Sales	11.4	In Bottom 5%
Volatility %	15.8	In Bottom 3%

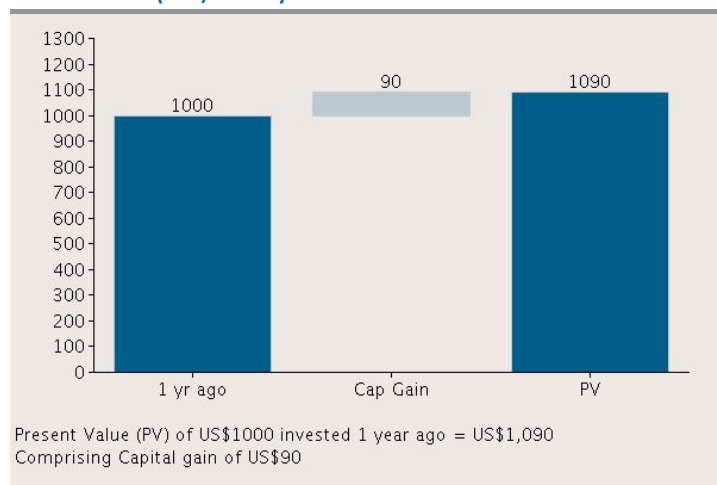
Note

Beta

The Beta of this stock is 0.7. A Beta lower than 1 suggests this is a low risk, low return stock with volatility less than that of the market.

- The present value of US\$1,000 (PV1000) invested one year ago in Concert Pharmaceuticals is US\$1,090, for a capital gain of US\$90.

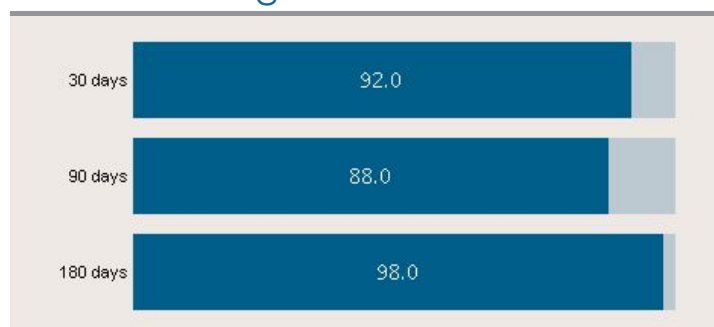
PV1000 (1 year)



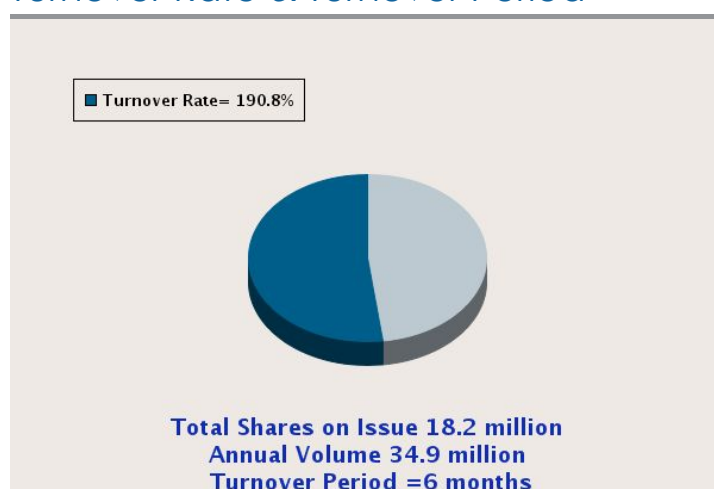
Neutral Indicators and Rank in Market:

Description	Value	Rank In Market
Turnover in Quarter	US\$98.3 million	In 3rd Quartile
MCap	US\$291 million	In 3rd Quartile

Relative Strength



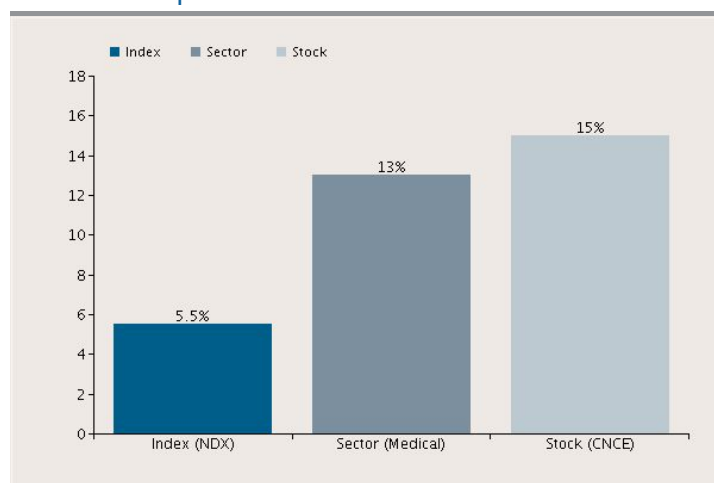
Turnover Rate & Turnover Period



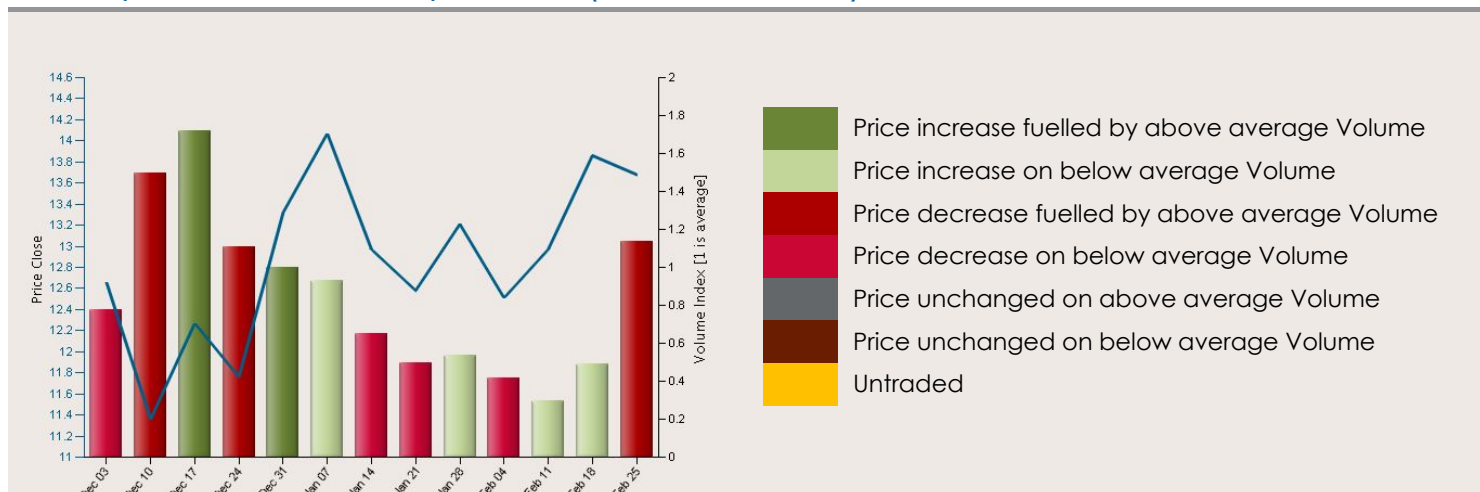
Trailing 3 months

Turnover	US\$98.3 million
Volume	7,653,595
Volume Index (1 is avg)	0.9

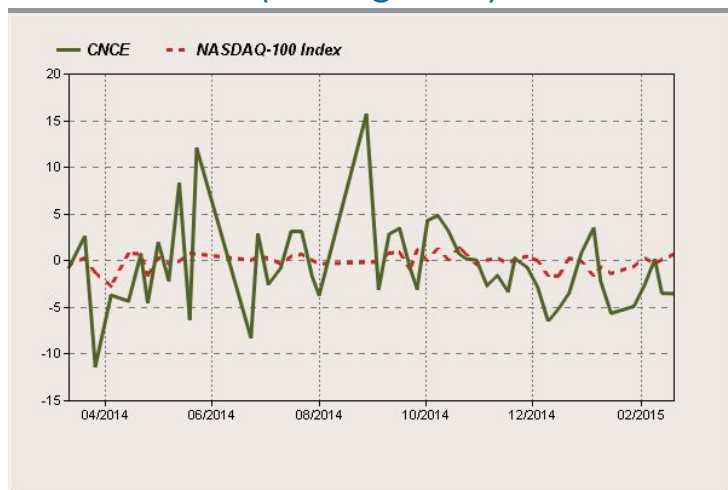
YTD Comparison Stock Sector Index



Weekly Price Volume Dynamics (Last 12 Weeks)



Stock v Index (Trailing Year)



Price/Moving Average Price [P/MAP]



Company Overview

Activities

Concert Pharmaceuticals Inc. operates as a biotechnology company. The Company manufactures drugs in various therapeutic areas such as hot flashes, HIV, renal hepatic, neuropathic pain, MRSA infection, schizophrenia, multiple tumors, and hyperparathyroidism. Concert Pharmaceuticals offers its products throughout the United States.

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

Ranking

Concert Pharmaceuticals is placed 813/2416 in BSS News Bites's ranking of NASDAQ performers in the past year, a percentile ranking of 64%.

Regulatory Announcements

Conferences/Exhibitions

February 23: Events Calendar: Concert Pharmaceuticals to Present at Three Upcoming Investor Conferences

LEXINGTON, Mass.--(BUSINESS WIRE)-- Concert Pharmaceuticals, Inc. (NASDAQ:CNCE) today announced that it will present a corporate overview at the following upcoming investor conferences:

The 35th Annual Cowen and Company Healthcare Conference on March 2, 2015 at 4:10 p.m. ET in Boston, MA; The 27th Annual Roth Conference on March 9, 2015 at 4:30 p.m.

[For more details click here.](#)

Financial Results

February 21: Concert Pharmaceuticals to Report Full Year 2014 Results on February 27, 2015

[News Story] LEXINGTON, Mass.--(BUSINESS WIRE)-- Concert Pharmaceuticals, Inc. (NASDAQ:CNCE) today announced that it will report its financial results for the year ended December 31, 2014 on Friday, February 27, 2015 before the US financial markets open. The Company will host a conference call and webcast at 8:30 a.m.

[For more details click here.](#)

February 04: Concert Pharmaceuticals Announces Appointment of James V. Cassella as Chief Development Officer

[News Story] LEXINGTON, Mass. Concert Pharmaceuticals, Inc. (NASDAQ:CNCE) today announced that it has appointed James V. Cassella, Ph.D. as Chief Development Officer. In this newly created role, Dr. Cassella will lead Concert's product development strategy and operations and will have responsibility for all preclinical, clinical and manufacturing activities.

"Jim has extensive experience leading the development of both novel compounds and reformulations of existing drugs for new indications," said Roger Tung, Ph.D., President and Chief Executive Officer of Concert Pharmaceuticals.

[For more details click here.](#)

Index Constituents

December 15 2014: Concert Pharmaceuticals will be added to the NASDAQ Biotechnology

Concert Pharmaceuticals(CNCE.O) will be added to the NASDAQ Biotechnology as from December 22, 2014.

[For more details click here.](#)

Board and Management

December 10 2014: Concert Pharmaceuticals Names Thomas Auchincloss to Board of Directors and Chair of the Audit Committee

LEXINGTON, Mass. Concert Pharmaceuticals, Inc. (NASDAQ:CNCE) announced today that Thomas G. Auchincloss, Jr. will join its Board of Directors and serve as the independent chair of the Board's Audit Committee, effective immediately. Mr. Auchincloss replaces Helmut Schuhler as Chair of the Audit Committee.

Board and Management

December 10 2014: Concert Pharmaceuticals appoints Director

Concert Pharmaceuticals has appointed Thomas G. Auchincloss, Jr. as a Director. The effective date is December 10, 2014.

December 09 2014: Jazz Pharmaceuticals and Concert Pharmaceuticals Provide JZP-386 Program Update

[News Story] DUBLIN & LEXINGTON, Mass Jazz Pharmaceuticals plc (NASDAQ:JAZZ) and Concert Pharmaceuticals, Inc. (NASDAQ:CNCE) today announced that Phase 1 clinical data generated to date supports completing the Phase 1 evaluation of JZP-386 at the originally planned highest dose, which was not administered in the first Phase 1 trial due to a technical dosing issue.

[For more details click here.](#)

Company Overview (continued)

8-K other news

November 12: Concert Pharmaceuticals: Results of Operations and Financial Condition

[News Story]

http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1367920_000119312514407826_0001193125-14-407826.txt

Source: 8-K United States Securities and Exchange Commission

August 12: Concert Pharmaceuticals: Results of Operations and Financial Condition

[News Story]

http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1367920_000119312514305664_0001193125-14-305664.txt

Source: 8-K United States Securities and Exchange Commission

Issued Capital

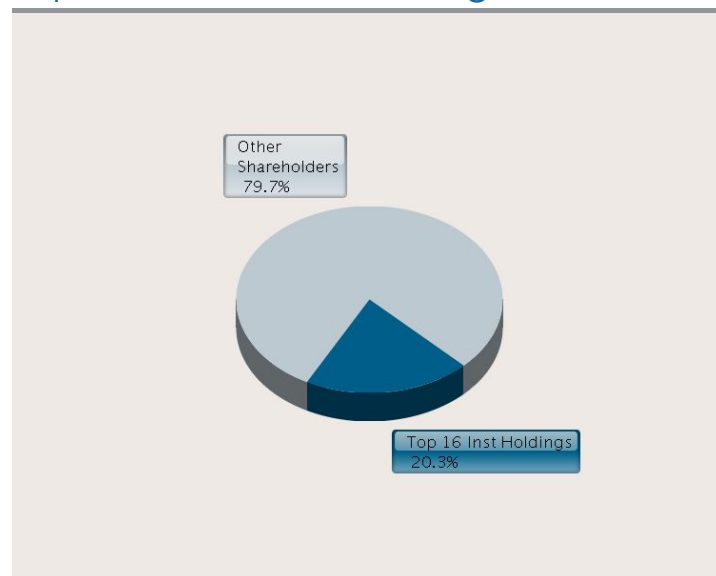
Based on 18,186,339 issued equity shares the market capitalisation is US\$291 million. It is NASDAQ's 52nd largest Medical company by assets.

The top sixteen shareholders hold 20.3% of the issued capital leaving a float of 79.7%.

Top 10 Shareholders

Name of Shareholder	No. of Shares	% Held
Bvf Inc/II	1,206,459	6.63
Point72 Asset Management L.P.	534,200	2.94
Vanguard Group Inc	407,212	2.24
Wall Street Associates	293,800	1.62
Senzar Asset Management Llc	261,200	1.44
Blackrock Advisors Llc	206,264	1.13
Turner Investments L.P.	175,370	0.96
Putnam Investments Llc	163,131	0.9
Russell Frank Co/	113,840	0.63
California Public Employees Retirement System	85,000	0.47
Total	3,446,476	18.95

Top 16 Institutional Holdings



Board and Management

Roger Tung CEO

Roger D. Tung, Ph.D. is our co-founder and has served as our President and Chief Executive Officer and as a member of our board of directors since April 2006. Before Concert, Dr. Tung was a founding scientist at Vertex, a pharmaceutical company, where he was employed from 1989 to 2005, most recently as its Vice President of Drug Discovery. Prior to Vertex, he held various positions at Merck, Sharp & Dohme Research Laboratories, a global healthcare provider, and The Squibb Institute for Medicinal Chemistry. Dr. Tung received a B.A. in Chemistry from Reed College and a Ph.D. in Medicinal Chemistry at the University of Wisconsin-Madison. We believe that Dr. Tung's detailed knowledge of our company and his 28 year career in the global pharmaceutical and biotechnology industries, including his roles at Vertex, provide a critical contribution to our board of directors.

Thomas G. Auchincloss, Jr. Director

Mr. Auchincloss is a financial expert and seasoned corporate financial executive. He has more than thirty years of financial experience including more than twenty years biotechnology experience in executive level financial, operational and advisory roles. Mr. Auchincloss is the former Chief Financial Officer of Metabolix, Inc., an industrial biotechnology company, where he oversaw finance, accounting, and corporate development. Before joining Metabolix, he held a variety of positions at Vertex Pharmaceuticals, Inc. most recently as Vice President, Finance and Treasurer. Mr. Auchincloss is presently Managing Partner of Counterpoint Trading Company LLC. He also serves as a trustee and Treasurer of Kieve Wavus Education, Inc. and as an advisor to Capital Formation Group, Inc. and Acelium. Mr. Auchincloss received a B.S. in Business Administration from Babson College and an M.B.A. in Finance from the Wharton School.

Creation of shareholder value in Concert Pharmaceuticals:

Since appointment as Director: The present value of USD1,000 invested on the appointment date of December 10, 2014 at close price of US\$11.36 is US\$1,408, for a capital gain of US\$408.

Wilfred E. Jaeger Director

Wilfred E. Jaeger, M.D. has served as a member of our board of directors since May 2006. Dr. Jaeger co-founded Three Arch Partners, a venture capital firm, in 1993 and has served as a Partner since that time. Prior to co-founding Three Arch Partners, Dr. Jaeger was a general partner at Schroder Ventures. He is also a member of the board of directors of Threshold Pharmaceuticals, Inc., a public pharmaceutical company, as well as numerous private companies. Dr. Jaeger received a B.S. in Biology from the University of British Columbia, his M.D. from the University of British Columbia School of Medicine and an M.B.A. from Stanford University. In addition to representing one of our principal stockholders, we believe that that Dr. Jaeger's financial and medical knowledge and experience allows him to be a key contributor to our board of directors.

Financial Results (Quarterly)

30 September, 2014

INCOME STATEMENT

Currency in Thousand of USD	2014-09-30	2013-09-30	Change %
Revenue:			
License and research and development revenue	2,418	681	Up 255.1
Milestone revenue	2,000		
Total revenue	4,418	681	Up 548.8
Operating expenses:			
Research and development	8,569	5,668	Up 51.2
General and administrative	3,457	2,129	Up 62.4
Total operating expenses	12,026	7,797	Up 54.2
(Loss) income from operations	-7,608	-7,116	Deterioration 6.9
Investment income	15	3	Up 400.0
Interest and other expense	-239	-14	Deterioration 1,607.1
Net loss	-7,832	-7,127	Deterioration 9.9
Other comprehensive income:			
Unrealized gain on investments	4	7	Down 42.9
Comprehensive loss	-7,828	-7,120	Deterioration 9.9
Reconciliation of net loss to net loss applicable to common stockholders:			
Net loss	-7,832	-7,127	Deterioration 9.9
Accretion on redeemable convertible preferred stock		-100	
Net loss applicable to common stockholders-basic and diluted	-7,832	-7,227	Deterioration 8.4
Net loss per share applicable to common stockholders-basic and diluted	-43.0c	-559.0c	Reduced 92.3
Weighted-average number of common shares used in net loss per share applicable to common stockholders-basic and diluted	18,098,000	1,293,000	Up 1,299.7

BALANCE SHEET

Currency in Thousand of USD	2014-09-30	2013-12-31	Change %
Assets			
Current assets:			
Cash and cash equivalents	23,436	9,638	Up 143.2
Investments, available for sale	66,484	23,039	Up 188.6
Interest receivable	291	92	Up 216.3
Accounts receivable	1,245	170	Up 632.4
Prepaid expenses and other current assets	1,846	1,106	Up 66.9
Total current assets	93,302	34,045	Up 174.1
Property and equipment, net	1,975	2,473	Down 20.1
Restricted cash	400	706	Down 43.3
Other assets	59	2,549	Down 97.7
Total assets	95,736	39,773	Up 140.7
Liabilities, redeemable convertible preferred stock and stockholders' equity (deficit)			

Financial Results (Quarterly) (continued)

30 September, 2014

Current liabilities:

Accounts payable	1,453	971	Up 49.6
Accrued expenses and other liabilities	4,315	2,475	Up 74.3
Deferred revenue, current portion	6,262	4,321	Up 44.9
Leasehold improvement loan, current portion		332	
Loan payable, net of discount	8,345	7,818	Up 6.7
Total current liabilities	20,375	15,917	Up 28.0
Deferred revenue, net of current portion	10,632	15,310	Down 30.6
Leasehold improvement loan, net of current portion		249	
Deferred lease incentive, net of current portion	692	385	Up 79.7
Deferred rent, net of current portion	260	208	Up 25.0
Warrant to purchase redeemable securities		463	
Loan payable, net of current portion and discount	775	7,101	Down 89.1
Total liabilities	32,734	39,633	Down 17.4

Commitments

Redeemable convertible preferred stock; 0.001 par value per share; 0 and 62,916,667 shares (Series A, B, C, D) authorized, 0 and 56,047,067 shares issued and outstanding in 2014 and 2013, respectively	112,244		
----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------	--	--

Stockholders' equity (deficit):

Preferred stock, 0.001 par value per share; 5,000,000 shares authorized, no shares issued and outstanding in 2014			
Common stock, 0.001 par value per share; 100,000,000 and 83,716,667 shares authorized, 18,186,339 and 1,298,300 shares issued and outstanding in 2014 and 2013, respectively	18	1	Up 1,700.0
Additional paid-in capital	199,378	1,528	Up 12,948.3
Accumulated other comprehensive income	15	4	Up 275.0
Accumulated deficit	-136,409	-113,637	Deterioration 20.0
Total stockholders' equity (deficit)	63,002	-112,104	Recovery
Total liabilities, redeemable convertible preferred stock and stockholders' equity (deficit)	95,736	39,773	Up 140.7

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.
