

Cerulean Pharma (CERU : US\$8.25)

Cerulean Pharma jumps 28% in 2015, outperforming Healthcare-Products sector

Cerulean Pharma Inc, NASDAQ's 33rd largest healthcare-products company by market cap, has now jumped US\$1.82 (or 28.3%) year to date in 2015 to close at US\$8.25. This gain makes the stock the fourth highest rising one in the Healthcare-Products sector which is up 5.3% in 2015. The volume YTD has been 0.7 times average trading of 30,531 shares. Compared with the NASDAQ-100 Index which has risen 1.1% YTD, this represents a relative price increase of 27.2%. In 2015 the market cap has jumped US\$36.6 million.

Introduction

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

There are some reasons why we remain neutral on the stock for the short-term:

- Its Moving Average Convergence Divergence indicators are rising, with its 12-day EMA higher than its 26-day EMA.
- The price to 200-day MAP ratio is 1.02, a bullish indicator.

Stock Summary

Sector	Healthcare-Products
Market Cap	US\$166 million
Shares Outstanding	20,125,049
ISIN	US15708Q1058
Relative Strength (3 mo)	99

Financial Summary

Year ended	Dec 2013	Dec 2012	Dec 2011
Sales (USD)	10,000	630,000	310,000
Pretax (USD)	(17.14M)	(22.1M)	(18.94M)
Net (USD)	(17.14M)	(22.17M)	(19.56M)
EPS (USD)	(1.2)	(1.55)	(1.37)

MCap: A Historical Perspective

	Share Price (USD)	Market Cap (US\$)
Last	8.2	166 million

Analysis

Bullish Signals

- Rises to Falls: In the last three months the number of rises outnumbered falls 32:26 or 1.2:1.
- In the last 16 trading sessions there has been a net rise of 27.91%; the stock has advanced ten times and the biggest one day rise was 13.6% on Jan 07.
- In the NASDAQ market of 2,412 stocks traded today, the stock has a 6-month relative strength of 97 which means it is beating 97% of the market.
- The Moving Average Convergence Divergence (MACD) indicator of 12-day Exponential Moving Average (EMA) of 7.82 minus the 26-day EMA of 7.24 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 to 200-day MAP ratio is 1.02, a bullish indicator. In the past 200 days this ratio has exceeded 1.02 just thrice suggesting a resistance level. The 50-day MAP of US\$10.99 is higher than the 200-day MAP of US\$8.13, a bullish indicator. The 200-day MAP has increased to US\$8.13. An increase is another bullish indicator.

Other Bullish Signals:

Bullish Indicators and Rank in Market:

Description	Value	Rank In Market
Relative Strength (6M)	97	In Top 4%
%Prem To Vol Wtd Price	15.9	In Top 7%

Bearish Signals

- The price is at a premium of 15.9% to the 1-month volume weighted average price of US\$7.12. Given that this premium has been under 15.9% one hundred seventy times and over 15.9% twenty-two times in the last year, the downside:upside probability is estimated at 170:22 or 7.7:1.
- The Price/MAP of 1.02 for CERU is lower than the Price/MAP for the NASDAQ-100 Index of 1.0.

Other Bearish Signals:

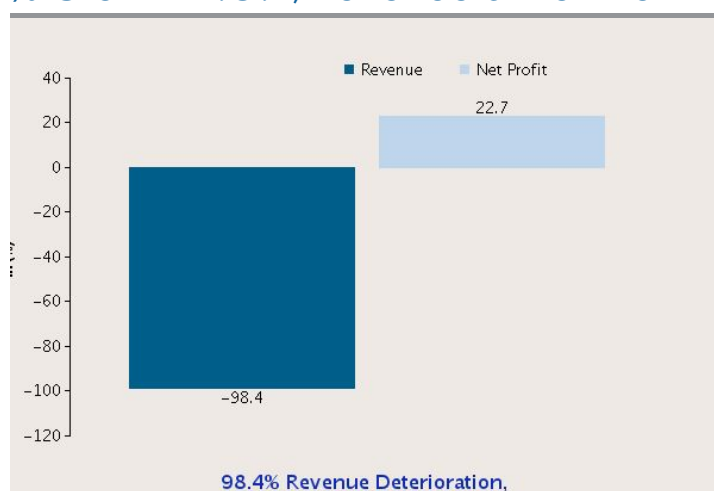
- Return on Assets has been negative in recent years.

Annual Trend:

[Year ended, all figures in %]:

Year	ROE	ROA	ROCE
Dec 13	-	-251	-
Dec 12	-597.6	-125.5	-193.3
Dec 11	-158.4	-117.2	-143.5

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



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 0.4 to 0.5;
Total shares on issue unchanged.

Bearish Indicators and Rank in Market:

Description	Value	Rank In Market
P/E * P/NTA	125.97	In Bottom Quartile
Price/MAP50	0.75	In Bottom Quartile
Turnover in Quarter	US\$7.2 million	In Bottom Quartile
Revenue Per Employee	US\$455	In Bottom 1%
Annual Revenue	US\$10,000	In Bottom 1%

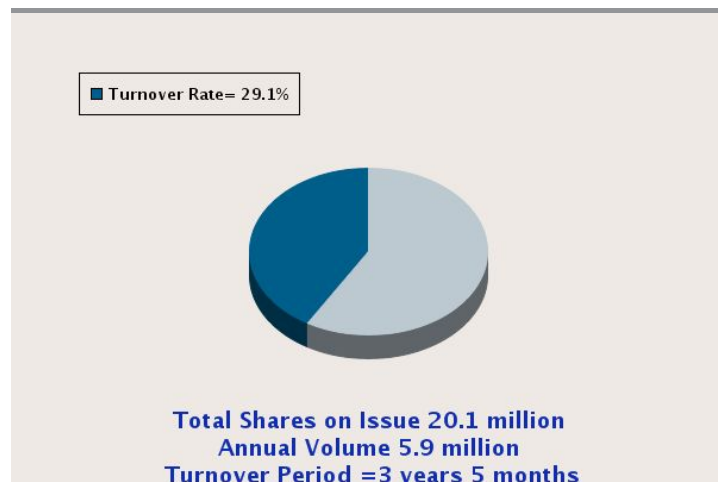
Note

Neutral Indicators and Rank in Market:

Description	Value	Rank In Market
MCap	US\$166 million	In 3rd Quartile

Analysis (continued)

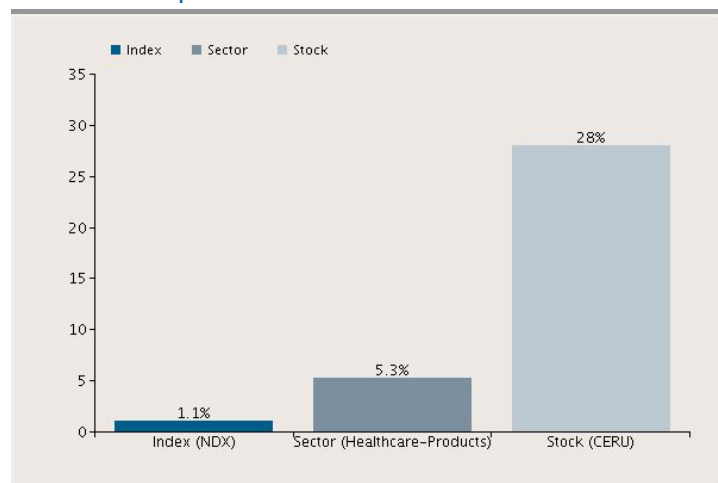
Turnover Rate & Turnover Period



Trailing 3 months

Turnover	US\$7.2 million
Volume	1,148,738
Volume Index (1 is avg)	0.6

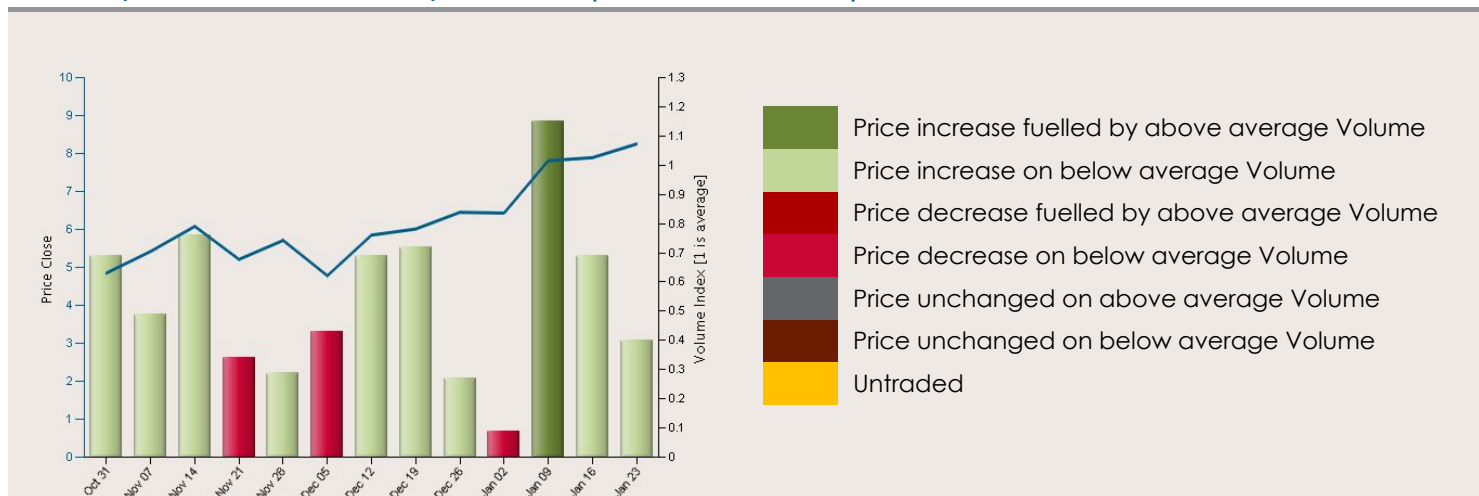
YTD Comparison Stock Sector Index



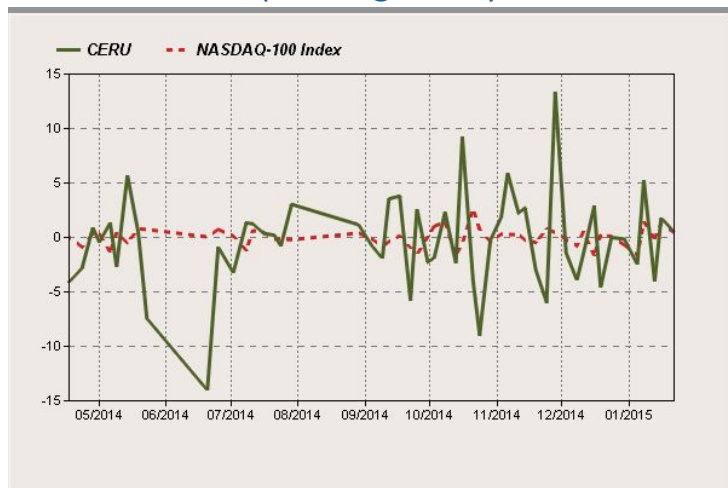
Price Volume Trend: Trailing Quarter



Weekly Price Volume Dynamics (Last 12 Weeks)



Stock v Index (Trailing Year)



Price/Moving Average Price [P/MAP]





Recent Analyst Recommendations

Date	Brokerage	Action	Past Rating	Current Rating	Prev Target	Price Target
22-Jan-2015	Canaccord Genuity	Reiterated Rating	-	Buy	-	11

Company Overview

Activities

Cerulean Pharma Inc. designs and develops pharmaceutical products. The Company manufactures therapeutics in the areas of oncology, cardiovascular, autoimmune, and inflammatory diseases as well as tumor cells. Cerulean Pharma operates in the United States.

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

Economic Sector	Healthcare
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Regulatory Announcements

January 09: Cerulean Secures Debt Facility from Hercules Technology Growth Capital of Up to \$26.0 Million

[News Story] CAMBRIDGE, Mass.-- Cerulean Pharma Inc. (Nasdaq:CERU), a leader in Dynamic Tumor Targeting(TradeMark), today announced that it has entered into a loan and security agreement with Hercules Technology Growth Capital, Inc. (NYSE:HTGC) for a term loan of up to \$26.0 million and completed a private placement for \$1.0 million of Cerulean common stock with Hercules.

"The Hercules debt facility provides Cerulean with significant financial resources and flexibility as we advance the clinical development of our two platform-generated nanoparticle-drug conjugates, CRLX101 and CRLX301," said Paul Friedman, M.D., Executive Chairman of Cerulean.

[For more details click here.](#)

January 06: Cerulean Announces Publication Describing Synergistic Anti-Tumor Activity of CRLX101 with Avastin in Advanced Metastatic Ovarian Tumor Models

[News Story] CAMBRIDGE, Mass. Cerulean Pharma Inc. (Nasdaq:CERU), a leader in Dynamic Tumor Targeting(TradeMark), today announced that Clinical Cancer Research published a manuscript describing preclinical data demonstrating that CRLX101, Cerulean's proprietary investigational drug, has potent anti-tumor activity alone and in combination with Avastin(Registered) (bevacizumab) in advanced metastatic ovarian cancer.

These preclinical data also demonstrate that CRLX101 reduced the up-regulation of HIF-1α by Avastin, which is believed to be a mechanism of resistance to anti-angiogenic therapy.

[For more details click here.](#)

December 17 2014: Cerulean Announces First Patient Dosed with CRLX301 in Phase 1/2a Trial in Advanced Solid Tumors

[News Story] CAMBRIDGE, Mass.- Cerulean Pharma Inc. (Nasdaq:CERU), a leader in Dynamic Tumor Targeting(TradeMark), today announced that the first patient has been dosed with CRLX301 in Cerulean's Phase 1/2a trial in patients with advanced solid tumor malignancies. CRLX301 is a nanoparticle-drug conjugate, or NDC, with a docetaxel payload, and it is the second clinical candidate from Cerulean's Dynamic Tumor Targeting Platform.

"CRLX301 was superior to docetaxel in seven of seven animal models, with a statistically significant survival benefit in five of those preclinical models," said Paul Friedman, M.D., Executive Chairman of Cerulean.

[For more details click here.](#)

December 15 2014: Cerulean Announces Completion of Enrollment of a Phase 1b/2 Study of CRLX101 in Combination with Avastin(Registered) in Relapsed Renal Cell Carcinoma

[Company Release]

[http://files.shareholder.com/downloads/AMDA-2PIT2J/3729901732x0x799552/e90afae4-f9aa-40c7-8963-7a4efbc69920/CERU_News_2014_12_15_General_Releases.p](http://files.shareholder.com/downloads/AMDA-2PIT2J/3729901732x0x799552/e90afae4-f9aa-40c7-8963-7a4efbc69920/CERU_News_2014_12_15_General_Releases.pdf)
df

Source: Company Website

Financial Results

November 14 2014: Cerulean Reports Third-Quarter 2014 Corporate Highlights and Financial Results

[News Story] CAMBRIDGE, Mass., Nov. 13, 2014 -- Cerulean Pharma Inc. (Nasdaq:CERU), a leader in Dynamic Tumor Targeting(TradeMark), today provided an update on corporate activities during the quarter ended September 30, 2014.

"Cerulean launched an important randomized Phase 2 trial in the third quarter," said Paul A.

[For more details click here.](#)

Board and Management

October 27 2014: Cerulean Pharma will appoint Director

Cerulean Pharma will appoint David Parkinson as a Director. The effective date is October 29, 2014.

[For more details click here.](#)

Board and Management

October 27 2014: Cerulean Announces Management Changes

CAMBRIDGE, Mass., Oct. 27, 2014 Cerulean Pharma Inc. (Nasdaq:CERU), a leader in Dynamic Tumor Targeting(TradeMark), today announced that Oliver Fetzer, Ph.D., has resigned as President and Chief Executive Officer, effective as of October 29, 2014, to pursue other professional opportunities. Paul Friedman, M.D., who currently serves on Cerulean's Board of Directors, will assume the position of Executive Chairman of the Board.

[For more details click here.](#)

Company Overview (continued)

8-K people news

October 30: Cerulean Pharma appoints Christopher D. T. Guiffre as COO 31 October 2014

Cerulean Pharma has appointed Christopher D. T. Guiffre as COO. The appointment takes effect from Oct 29, 2014.

October 30: Oliver S. Fetzer - Cerulean Pharma CEO resigns 31 October 2014

Oliver S. Fetzer has resigned from Cerulean Pharma as CEO. The resignation takes effect from Oct 29, 2014.

October 30: Oliver S. Fetzer - Cerulean Pharma president resigns 31 October 2014

Oliver S. Fetzer has resigned from Cerulean Pharma as President. The resignation takes effect from Oct 29, 2014.

October 30: Oliver S. Fetzer - Cerulean Pharma director resigns 31 October 2014

Oliver S. Fetzer has resigned from Cerulean Pharma as Director. The resignation takes effect from Oct 29, 2014.

October 08: Cerulean Pharma appoints Susan Kelley as director 09 October 2014

Cerulean Pharma has appointed Susan Kelley as Director. The appointment takes effect from Oct 03, 2014.

8-K other news

January 08: Cerulean Pharma: Entry into a Material Definitive Agreement

[News Story]

http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1401914_000119312515005150_0001193125-15-005150.txt

Source: 8-K United States Securities and Exchange Commission

August 12: Cerulean Pharma: Results of Operations and Financial Condition

[News Story]

http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1401914_000119312514306645_0001193125-14-306645.txt

Source: 8-K United States Securities and Exchange Commission

July 17: Cerulean Pharma: Entry into a Material Definitive Agreement

[News Story]

http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1401914_000119312514271596_0001193125-14-271596.txt

Source: 8-K United States Securities and Exchange Commission

Issued Capital

Based on 20,125,049 issued equity shares the market capitalisation is US\$166 million. It is NASDAQ's 34th largest Healthcare-Products company by assets.

The top eight shareholders hold 27.0% of the issued capital leaving a float of 73.0%.

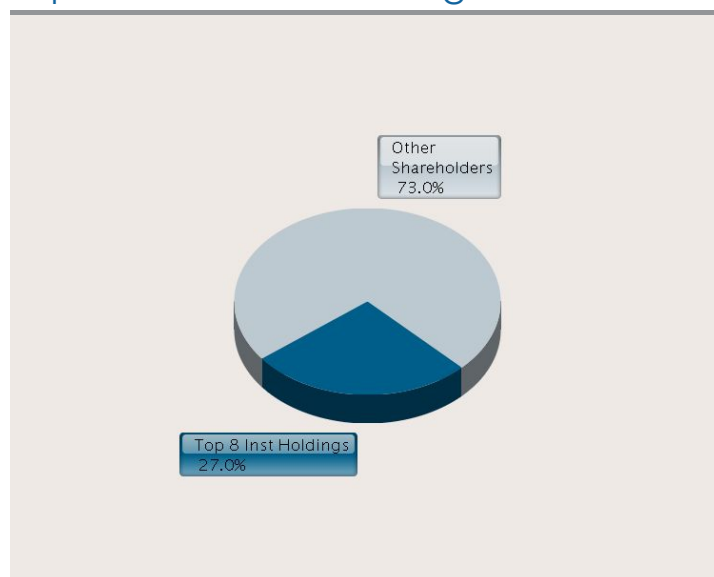
Source

Www.BuySellSignals.com

Top 8 Shareholders

Name of Shareholder	No. of Shares	% Held
Polaris Venture Management Co. V L.L.C.	3,287,529	16.34
Polaris Venture Management Co Iv Llc	1,437,441	7.14
Cormorant Asset Management Llc	450,000	2.24
Deer Vii & Co. Ltd.	166,675	0.83
Ubs Oconnor Llc	50,421	0.25
Vanguard Group Inc	25,581	0.13
Geode Capital Management Llc	18,878	0.09
Blackrock Investment Management Llc	1,752	0.01
Total	5,438,277	27.02

Top 8 Institutional Holdings



Board and Management

Paul Friedman Executive Chairman

Creation of shareholder value in Cerulean Pharma:

Since appointment as Executive Chairman: The present value of USD1,000 invested on the appointment date of October 29, 2014 at close price of US\$4.14 is US\$1,993, for a capital gain of US\$993.

Susan Kelley Director

Dr. Kelley received her M.D. from Duke University School of Medicine. She was a Fellow in Medical Oncology and a Clinical Fellow in Medicine at Dana-Farber Cancer Institute, Harvard Medical School, and a Fellow in Medical Oncology and Pharmacology at Yale University School of Medicine, where she also served as a Clinical Assistant Professor of Medicine. Most recently, Dr. Kelley was Chief Medical Officer of the Multiple Myeloma Research Consortium and its sister organization, the Multiple Myeloma Research Foundation. Previously, Dr. Kelley held positions of increasing oncology drug development responsibility at Bayer Healthcare Pharmaceuticals, Bayer-Schering Pharma and Bristol-Myers Squibb. Dr. Kelley currently serves as a member of the Board of Directors of ArQule, Inc. (NASDAQ:ARQL) and Alchemia Limited (ASX:ACL), oncology-focused biotechnology companies.

Creation of shareholder value in Cerulean Pharma:

Since appointment as Director: The present value of USD1,000 invested on the appointment date of October 03, 2014 at close price of US\$4.74 is US\$1,741, for a capital gain of US\$741.

Rastetter William H Director

William has served as a director since January 2014. He is a Co-Founder of Receptos, Inc., a biopharmaceutical company, where he has been a director and Chairman of the Board since May 2009 and was Acting Chief Executive Officer from May 2009 to November 2010. Dr. Rastetter served as a Partner at the venture capital firm of Venrock Associates from 2006 to February 2013. Prior to his tenure with Venrock, Dr. Rastetter was Executive Chairman of Biogen Idec, from the merger of the two companies (Biogen and Idec Pharmaceuticals) in 2003 through the end of 2005. He joined Idec Pharmaceuticals in 1986 and served as Chairman and Chief Executive Officer. Prior to Idec, he was Director of Corporate Ventures at Genentech, Inc. and served as well in a scientific capacity at Genentech. Dr. Rastetter also serves as the Chairman of public life sciences companies Illumina, Inc., Neurocrine Biosciences, Inc. and Fate Therapeutics Inc. and as a director of Regulus Therapeutics, Inc., a public biopharmaceutical company. Dr. Rastetter has held various faculty positions at the Massachusetts Institute of Technology and Harvard University and is an Alfred P. Sloan Fellow. Dr. Rastetter holds a B.S. in Chemistry from the Massachusetts Institute of Technology and received his M.A. and Ph.D. in Chemistry from Harvard University.

Christopher D. T. Guiffre Chief Operating Officer

Mr. Guiffre, age 46, has served as the Company's Senior Vice President and Chief Business Officer since 2012. Prior to that, from 2010 to 2012, he served as President and Chief Executive Officer of Alvos Therapeutics, Inc., a private biopharmaceutical company subsequently acquired by Arrowhead Research Corp.; and from 2008 to 2009, he served as Chief Business Officer of Hydra Biosciences, Inc., a private biopharmaceutical company.

Creation of shareholder value in Cerulean Pharma:

Since appointment as COO: The present value of USD1,000 invested on the appointment date of October 29, 2014 at close price of US\$4.12 is US\$2,002, for a capital gain of US\$1,002.

Financial Results (Quarterly)

30 September, 2014

INCOME STATEMENT

Currency in USD	2014-09-30	2013-09-30	Change %
Revenue			
Operating expenses:			
Research and development	2,928,000	1,586,000	Up 84.6
General and administrative	2,441,000	1,227,000	Up 98.9
Total operating expenses	5,369,000	2,813,000	Up 90.9
Other income (expense):			
Interest income	2,000		
Interest expense	191,000	378,000	Down 49.5
Loss on extinguishment of debt			
Decrease in value of preferred stock warrant liability		-7,000	
Total other expense - net	-189,000	-385,000	Reduced 50.9
Net loss	-5,558,000	-3,198,000	Deterioration 73.8
Net loss per common share:			
Basic and diluted	-28.0c	-440.0c	Reduced 93.6
Weighted-average common shares outstanding:			
Basic and diluted	20,124,574	726,987	Up 2,668.2

BALANCE SHEET

Currency in USD	2014-09-30	2013-12-31	Change %
ASSETS			
Current assets:			
Cash and cash equivalents	57,786,000	5,488,000	Up 953.0
Accounts receivable, prepaid expenses, and other current assets	1,912,000	959,000	Up 99.4
Total current assets	59,698,000	6,447,000	Up 826.0
Property and equipment - net	268,000	245,000	Up 9.4
Other assets	120,000	135,000	Down 11.1
Total	60,086,000	6,827,000	Up 780.1
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)			
Current liabilities:			
Current portion of loan payable	3,347,000	3,134,000	Up 6.8
Convertible promissory notes payable to shareholders		8,824,000	
Accounts payable	1,461,000	914,000	Up 59.8
Accrued expenses	1,571,000	2,274,000	Down 30.9
Total current liabilities	6,379,000	15,146,000	Down 57.9
Long-term liabilities:			
Loan payable - net of current portion	587,000	3,124,000	Down 81.2
Preferred stock warrant liability		928,000	
Noncurrent accrued interest	543,000	391,000	Up 38.9
Other	45,000	12,000	Up 275.0
Total long-term liabilities	1,175,000	4,455,000	Down 73.6
Redeemable convertible preferred stock		81,525,000	

Financial Results (Quarterly) (continued)

30 September, 2014

Commitments

Stockholders' equity (deficit):

Preferred stock, 0.01 par value; 5,000,000 shares authorized, no shares issued or outstanding

Common stock, 0.0001 par value; 120,000,000 shares authorized, 2,000 20,124,764 and 785,531 shares issued and outstanding at September30, 2014 and December31, 2013, respectively

Additional paid-in capital	166,844,000	4,140,000	Up 3,930.0
Accumulated deficit	-114,314,000	-98,439,000	Deterioration 16.1
Total stockholders' equity (deficit)	52,532,000	-94,299,000	Recovery
Total	60,086,000	6,827,000	Up 780.1

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