

Celladon (CLDN : US\$11.79)

Celladon continues uptrend, now soars 57% and in top 5% of the market

Celladon Corporation, NASDAQ's 44th largest medical company by market cap, has now soared US\$4.26 (or 56.6%) year to date in 2014 to close at US\$11.79. This gain means the stock is among the top 5% of NASDAQ-listed stocks in 2014. The volume YTD has been 0.7 times average trading of 126,775 shares. Compared with the NASDAQ-100 Index which has risen 9.8% YTD, this represents a relative price increase of 46.7%. In 2014 the market cap has jumped US\$85 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:

- In the last three months the number of falls outnumbered rises 32:28 or 1.14:1.
- The Q Ratio, defined by James Tobin as MCap divided by Total Assets, is 10.3. Compared with the rest of the market the stock is overvalued and ranks in the bottom 3% of stocks by value of Q Ratio.

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

- The price is below the lower Bollinger band of US\$12.02.
- "Current ratio of two or more"; current assets are 2.8 times current liabilities.

Stock Summary

Sector	Medical
Market Cap	US\$218.1 million
Shares Outstanding	18,500,015
ISIN	US15117E1073
Relative Strength (3 mo)	32

MCap: A Historical Perspective

	Share Price (USD)	Market Cap (\$)
Last	11.8	218.1 million

Analysis

Bearish Signals

- In the last 3 trading sessions there has been a net decline of 9.31%; the stock has retreated nine times and the biggest one day decline was 11.3% on Jul 11.
- The current short volume is 3.3 times its own historical average of 0.1%.

Overvaluation:

- The Q Ratio, defined by James Tobin as MCap divided by Total Assets, is 10.3. Compared with the rest of the market the stock is overvalued and ranks in the bottom 3% of stocks by value of Q Ratio.

Other Bearish Signals:

- Return on Assets has been negative in recent years.

Annual Trend:

[Year ended, all figures in %]:

Year	ROA
Dec 13	-113.2
Dec 12	-45.1

Bearish Indicators and Rank in Market:

Description	Value	Rank In Market
Volatility %	6.0	In Bottom Quartile
Price Change %	-2.9	In Bottom Quartile
Price/MAP50	0.61	In Bottom 9%

Note

Neutral Indicators and Rank in Market:

Description	Value	Rank In Market
Turnover in Quarter	US\$75.6 million	In 3rd Quartile
MCap	US\$218.1 million	In 3rd Quartile

Bullish Signals:

- The price is at a discount of 12.2% to the 1-month volume weighted average price of US\$13.44, which may appeal as a value proposition.
- The Moving Average Convergence Divergence (MACD) indicator of 12-day Exponential Moving Average (EMA) of 13.83 minus the 26-day EMA of 13.44 is positive suggesting a bullish signal.

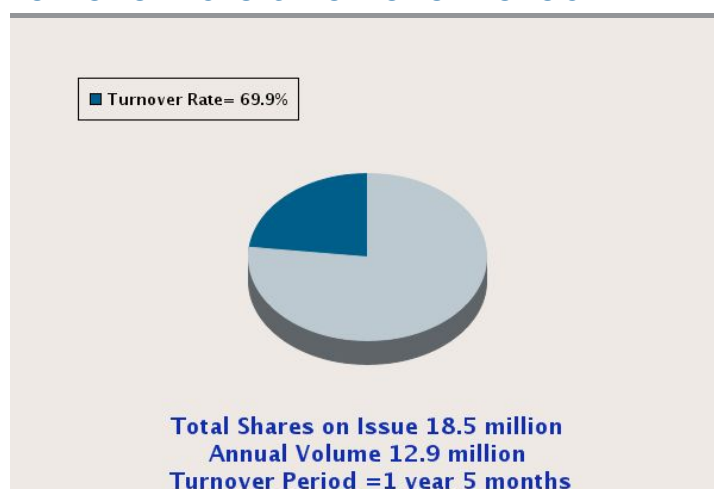
- The price is below the lower Bollinger band of US\$12.02; the stock is also oversold according to the Williams % R indicator of -98.2.

Other Bullish Signals:

Also, the following criteria set by Benjamin Graham:

- "Current ratio of two or more"; current assets are 2.8 times current liabilities.

Turnover Rate & Turnover Period



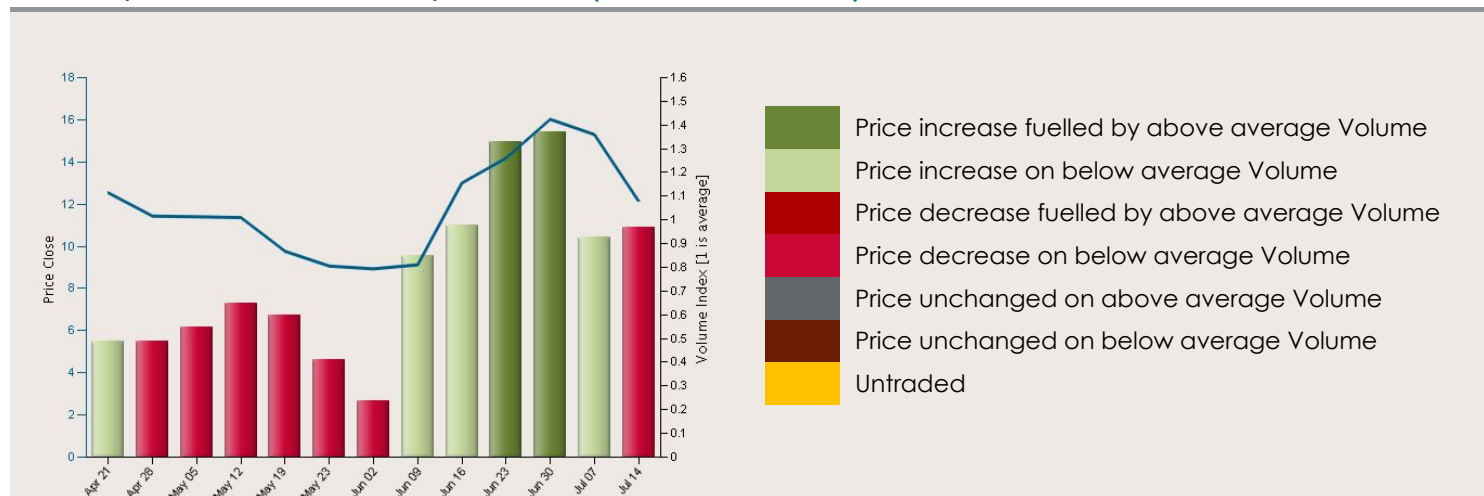
Trailing 3 months

Turnover	US\$75.6 million
Volume	6,038,047
Volume Index (1 is avg)	0.8

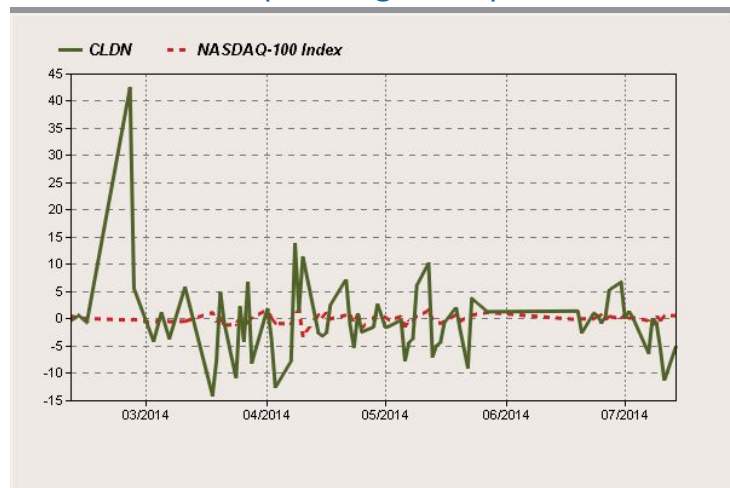
Price Volume Trend: Trailing Quarter



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)
Alimera Sciences	5.75	62	232	1,123	3	-51	20
Egalet	12.94	-	223	-	-	-20	20
Celladon	11.79	-	218	-	-	-24	21
PhotoMedex	11.21	16	212	719	218	11	221
Eleven Biotherapeutics	13.12	-	212	-	1	-22	11
Flexion Therapeutics	13.53	-	211	-	-	-18	19

Company Overview

Activities

Celladon Corporation provides biopharmaceutical products. The Company develops, manufactures, and distributes molecular therapies for cardiovascular diseases. Celladon Corporation markets genetically targeted enzyme replacement therapy for heart failure patients worldwide.

Further details can be found at www.celladon.net.

Regulatory Announcements

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

July 07: Celladon Corporation Announces New Clinical Development Initiatives for MYDICAR(R)
June 09: Celladon Corporation Appoints Elizabeth E. Reed General Counsel
June 04: Celladon appoints President
June 02: Celladon appoints Chief Financial Officer
May 27: Celladon to Present at the Jefferies 2014 Global Healthcare Conference
May 13: Celladon Reports First Quarter 2014 Financial Results and Recent Highlights
May 06: Celladon to Report First Quarter 2014 Results on May 13, 2014

To view 8-K people news for Celladon, [click here](#)

February 27: Johan Kordel - Celladon director resigns
February 27: Celladon appoints Peter K. Honig as director
February 27: Celladon appoints Patrick Y. Yang as director

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

April 10: Celladon: Other Events
March 31: Celladon: Results of Operations and Financial Condition
February 24: Celladon: Entry into a Material Definitive Agreement
February 10: Celladon: Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year

Issued Capital

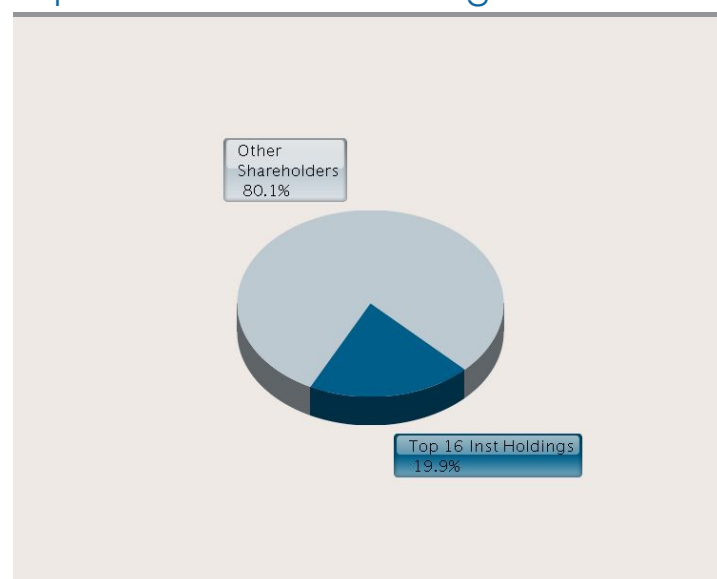
Based on 18,500,015 issued equity shares the market capitalisation is US\$218.1 million.

The top sixteen shareholders hold 19.9% of the issued capital leaving a float of 80.1%.

Top 10 Shareholders

Name of Shareholder	No. of Shares	% Held
Palo Alto Investors Llc	1,491,500	8.06
Tekla Capital Management Llc	970,495	5.25
Partner Fund Management L.P.	385,110	2.08
California Public Employees Retirement System	300,000	1.62
Blackrock Fund Advisors	173,276	0.94
Vanguard Group Inc	100,842	0.55
Shaker Investments Llc/Oh	71,000	0.38
Sac Capital Advisors Lp	34,821	0.19
Goldman Sachs Group Inc	33,815	0.18
Geode Capital Management Llc	25,778	0.14
Total	3,586,637	19.39

Top 16 Institutional Holdings



Board and Management

Paul Cleveland President & CFO

Mr. Cleveland brings decades of industry experience to his new leadership position. Most recently, Mr. Cleveland was Executive Vice President of Corporate Strategy and Chief Financial Officer of Aragon Pharmaceuticals, Inc. Aragon was sold to Johnson & Johnson in August 2013 for \$1 billion. Prior to that, he was a General Partner and the Chief Operating Officer of Mohr Davidow Ventures, a venture capital firm. From 2006 to 2011 he was Executive Vice President, Corporate Development and Chief Financial Officer of Affymax, Inc. Earlier in his career, Mr. Cleveland was an investment banker at JP Morgan and Hambrecht & Quist, and a corporate lawyer at Davis Polk & Wardwell, Sidley & Austin and Cooley LLP. Mr. Cleveland serves on the board of directors of Sangamo BioSciences (SGMO), a public biotechnology company, where he chairs the audit committee. He received a J.D. from Northwestern University School of Law, and an A.B. from Washington University in St. Louis.

Creation of shareholder value in Celladon:

Since appointment as CFO: The present value of USD1,000 invested on the appointment date of June 02, 2014 at close price of US\$8.93 is US\$1,320, for a capital gain of US\$320.

Patrick Y. Yang Director

Creation of shareholder value in Celladon:

Since appointment as Director: The present value of USD1,000 invested on the appointment date of March 02, 2014 at close price of US\$11.30 is US\$1,043, for a capital gain of US\$43.

Peter K. Honig Director

Creation of shareholder value in Celladon:

Since appointment as Director: The present value of USD1,000 invested on the appointment date of March 02, 2014 at close price of US\$11.30 is US\$1,043, for a capital gain of US\$43.

Financial Results (Quarterly)

31 March, 2014

INCOME STATEMENT

Currency in Thousand of USD	2014-03-31	2013-03-31	Change %
Operating expenses:			
Research and development	5,218	2,919	Up 78.8
General and administrative	1,706	553	Up 208.5
Total operating expenses	6,924	3,472	Up 99.4
Loss from operations	-6,924	-3,472	Deterioration 99.4
Other income (expense):			
Interest income	8	24	Down 66.7
Interest expense	59		
Other income (expense)	-4	-82	Reduced 95.1
Change in fair value of warrant liability	-183		
Consolidated net loss	-7,162	-3,530	Deterioration 102.9
Net loss attributable to non-controlling interest		61	
Net loss attributable to Celladon Corporation	-7,162	-3,469	Deterioration 106.5
Accretion to redemption value of redeemable convertible preferred stock			
Change in fair value of non-controlling interest		-61	
Deemed dividend			
Net loss attributable to common stockholders	-7,162	-3,530	Deterioration 102.9
Other comprehensive loss:			
Unrealized loss on investments	-2	-3	Reduced 33.3
Comprehensive loss	-7,164	-3,533	Deterioration 102.8
Net loss per share attributable to common stockholders, basic and diluted	-60.0c	-399.0c	Reduced 85.0
Weighted-average shares outstanding, basic and diluted	11,939,866	884,179	Up 1,250.4

BALANCE SHEET

Currency in Thousand of USD	2014-03-31	2013-12-31	Change %
Assets			
Current assets:			
Cash and cash equivalents	53,877	7,903	Up 581.7
Short-term investments	3,752	10,467	Down 64.2
Prepaid expenses and other assets	585	180	Up 225.0
Total current assets	58,214	18,550	Up 213.8
Property and equipment, net	353	308	Up 14.6
Other assets	11	2,296	Down 99.5
Total assets	58,578	21,154	Up 176.9
Liabilities, preferred stock and stockholders' equity (deficit)			

Financial Results (Quarterly) (continued)

31 March, 2014

Current liabilities:			
Accounts payable and accrued expenses	1,754	2,908	Down 39.7
Accrued clinical expenses	2,208	1,478	Up 49.4
Accrued interest		14	
Convertible notes, net of discount		1,044	
Warrant liability		1,116	
Total current liabilities	3,962	6,560	Down 39.6
Deferred rent	35	37	Down 5.4
Commitments and contingencies			
Series A-I redeemable convertible preferred stock, 0,001 par value:			
Authorized shares - none and 135,826,497 at March 31, 2014 and December 31, 2013, respectively; issued and outstanding shares - none and 127,140,530 at March 31, 2014 and December 31, 2013, respectively; liquidation preference - none and 114,172 at March 31, 2014 and December 31, 2013, respectively		60,098	
Convertible preferred stock, 0,001 par value:			
Authorized shares - none and 12,138,080 at March 31, 2014 and December 31, 2013, respectively; issued and outstanding shares - none and 12,138,080 at March 31, 2014 and December 31, 2013, respectively; liquidation preference - none and 5,450 at March 31, 2014 and December 31, 2013, respectively		5,450	
Stockholders' equity (deficit):			
Preferred stock, 0,001 par value; authorized shares - 10,000,000 and none at March 31, 2014 and December 31, 2013, respectively; no shares issued and outstanding			
Common stock, 0,001 par value; authorized shares - 200,000,000 and 180,000,000 at March 31, 2014 and December 31, 2013, respectively; issued and outstanding - 18,500,015 and 884,179 at March 31, 2014 and December 31, 2013, respectively			
Additional paid-in capital	174,311	61,593	Up 183.0
Accumulated other comprehensive income		2	
Deficit accumulated during the development stage	-119,748	-112,586	Deterioration 6.4
Total stockholders' equity (deficit)	54,581	-50,991	Recovery
Total liabilities, preferred stock and stockholders' equity (deficit)	58,578	21,154	Up 176.9

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