

## Biocept (BIOC : US\$2.41)

### Biocept continues downtrend, now plummets 60.0% in third quarter ending

Biocept Inc, NASDAQ's 81st largest medical company by market cap, plummeted US\$3.61 (or 60.0%) in the quarter ended September 30 to close at US\$2.41. This loss means the stock is amongst the bottom 1% of NASDAQ-listed stocks in quarter ended September 30. The volume in the quarter was 0.6 times the average trading of 22,199 shares. Compared with the NASDAQ-100 Index which rose 150.2 points (or 3.8%), this represents a relative price change of -63.8%. In the third quarter the market cap declined US\$19.1 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:**

- Its Moving Average Convergence Divergence indicators are falling, with its 12-day EMA lower than its 26-day EMA.
- The Q Ratio, defined by James Tobin as MCap divided by Total Assets, is 8.1. Compared with the rest of the market the stock is overvalued and ranks in the bottom 4% of stocks by value of Q Ratio.
- In the last three months the number of falls outnumbered rises 29:16 or 1.81:1.
- It is trailing 98.56% of the market the past 6 months.

### Stock Summary

<b>Sector</b>	Medical
<b>Market Cap</b>	US\$10.7 million
<b>Shares Outstanding</b>	4,449,594
<b>ISIN</b>	US09072V1052
<b>Relative Strength (3 mo)</b>	1

### Financial Summary

Year ended	Dec 2013	Dec 2012	Dec 2011
Sales (USD)	130,000	110,000	-
Pretax (USD)	(9.23M)	(12.26M)	(13.63M)
Net (USD)	(9.23M)	(12.26M)	(13.63M)

### MCap: A Historical Perspective

	Share Price (USD)	Market Cap (US\$)
Last	2.4	10.7 million

## Analysis

### Bearish Signals

- In the last 11 trading sessions there has been a net decline of 38.21%; the stock has retreated thirteen times and the biggest one day decline was 9.9% on Sep 24.
- In the NASDAQ market of 2,413 stocks traded today, the stock has a 6-month relative strength of 1 indicating it is trailing 99.0% of the market.
- Also, the relative strength percentile is slipping at 1 for 6 months, 1 for 3 months and 1 for 1 month.
- The Moving Average Convergence Divergence (MACD) indicator of 12-day Exponential Moving Average (EMA) of 3.16 minus the 26-day EMA of 3.64 is negative suggesting a bearish signal. Both the 12-day EMA as well as the 26-day EMA are falling, another bearish signal.
- The bears are maintaining control with price open, high, low and close being below yesterday's levels.

### Overvaluation:

- Price/Sales of 82.49 versus sector average of 2.5 and market average of 2.3.
- The Q Ratio, defined by James Tobin as MCap divided by Total Assets, is 8.1. Compared with the rest of the market the stock is overvalued and ranks in the bottom 4% 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  $\geq 5$ ]:

Improvement in current ratio from 0 to 0.1.

### Bearish Indicators and Rank in Market:

Description	Value	Rank In Market
Turnover in Quarter	US\$3.7 million	In Bottom Quartile
Volatility %	13.3	In Bottom 3%
Price Change %	-9.4	In Bottom 1%
MCap	US\$10.7 million	In Bottom 1%
Relative Strength (6M)	1	In Bottom 1%
Price/MAP50	0.24	In Bottom 1%
Annual Revenue	US\$130,000	In Bottom 1%

## Note

### Bullish Signals:

- The price is at a discount of 34.2% to the 1-month volume weighted average price of US\$3.66, which may appeal as a value proposition.

### Other Bullish Signals:

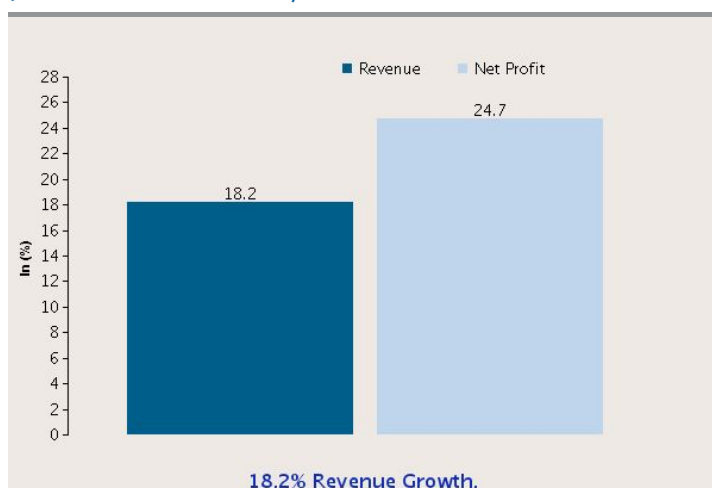
- Net Profit margin and EBIT margin are negative but improving in recent years.

### Annual Trend:

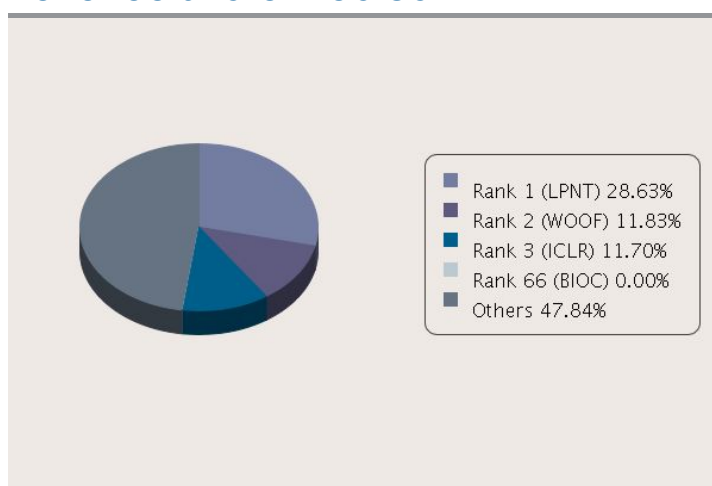
[Year ended, all figures in %]:

Year	Net Profit Margin	EBIT Margin
Dec 13	-7,100	-5,507.7
Dec 12	-11,145.5	-9,154.5

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

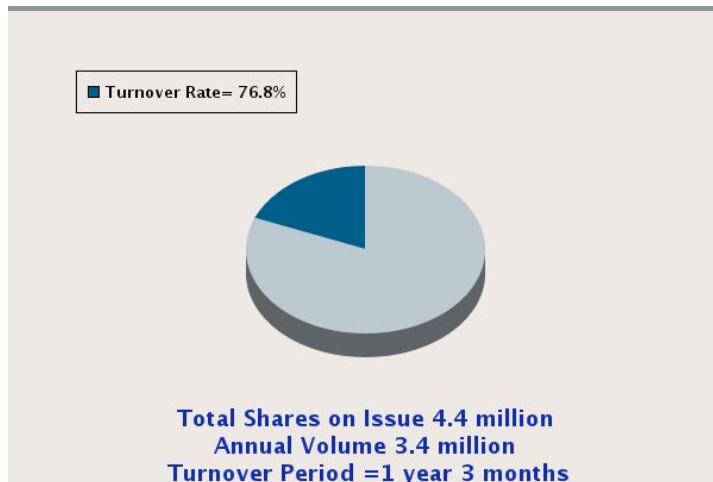


### Revenue Share Medical



## Analysis (continued)

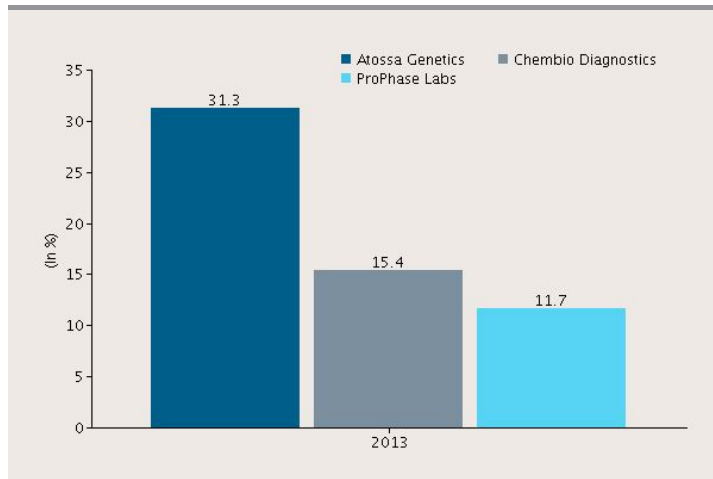
### Turnover Rate & Turnover Period



### Trailing 3 months

Turnover	US\$3.7 million
Volume	806,396
Volume Index (1 is avg)	0.6

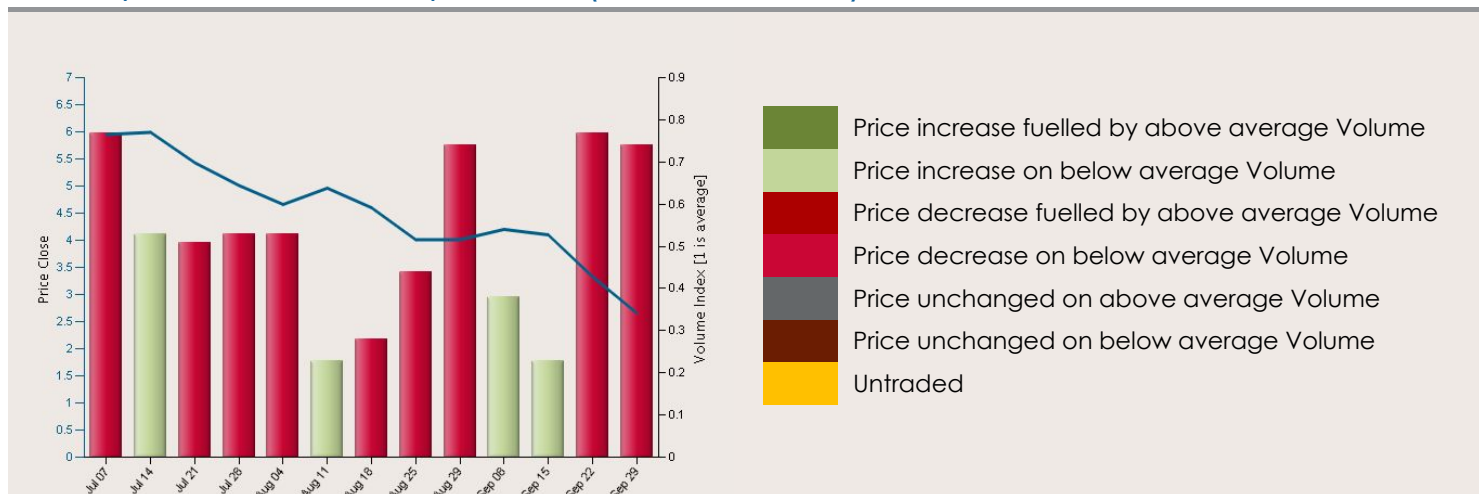
### Peer Comparison Revenue Growth (%)



## Price Volume Trend: Trailing Quarter



## Weekly Price Volume Dynamics (Last 12 Weeks)



## Company Overview

### Regulatory Announcements

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

September 30: Biocept to Present at the 13th Annual BIO Investor Forum

September 19: Biocept Granted Patent in China for Its Microfluidic Channel Technology Used to Capture Circulating Tumor Cells

September 04: Biocept to Present at Upcoming Investor Conferences

September 03: Biocept Strengthens Its Circulating Tumor Cell IP Position in Europe

August 14: Biocept Provides Second Quarter Operational Update

August 06: Biocept Appoints Managed Care Expert to Lead Contract and Reimbursement Strategy

June 02: Biocept Expands Breast Cancer Offering

### Issued Capital

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Based on 4,449,594 issued equity shares the market capitalisation is US\$10.7 million. It is NASDAQ's 81st largest Medical company by assets.

## Board and Management

### **Michael W. Nall** CEO & President & Director

Mr. Michael W. Nall is President, Chief Executive Officer, Director of Biocept Inc. Mr. Nall has over 25 years of healthcare sales and marketing experience, most recently serving at Clariant Diagnostic Services, Inc. in positions of increasing responsibility from 2002 through August 2013, with his last position being General Manager, North American Sales and Marketing. While at Clariant, Mr. Nall was also responsible for leading the team assimilating Clariant into GE Healthcare after Clariant was acquired in 2010. From 1988 until joining Clariant, Mr. Nall served in the diagnostic and medical device industries in various commercial leadership roles for companies including Impath, American Cyanamid, Maquet Surgical, Strato Medical, Horizon Medical Products and Columbia Vital Systems. Mr. Nall received a Bachelor of Science degree in Business Administration from Central Missouri State University (now known as the University of Central Missouri).

### **William G. Kachioff** CFO

Mr. William G. Kachioff is Chief Financial Officer, Senior Vice President - Finance of Biocept Inc. Mr. Kachioff, who joined us as Senior Vice President and Chief Financial Officer in August 2011, is experienced in corporate finance, investor relations, corporate governance and manufacturing accounting and systems. He has over twenty years of experience in the life science industry, having most recently served as Vice President and Chief Financial Officer at Althea Technologies, Inc., a pharmaceutical contract manufacturer, from 2009 to 2011. From 2007 to 2009 he was a CFO Partner with Tatum LLC, a national Executive Services firm, where he served a variety of life science industry clients in senior financial management roles. From 2002 to 2005, Mr. Kachioff was Chief Financial Officer at Microslet, a publicly traded biotechnology company developing cell transplant therapies for insulin dependent diabetes. From 1999 to 2001, he was Director of Finance at Cutera where he helped prepare the company for the commercial launch of its first product and its initial public offering. Mr. Kachioff has also served in a variety of financial management roles at Coulter Pharmaceutical, Vivus and Abbott Laboratories. He began his professional career as an auditor with Deloitte LLP. Mr. Kachioff has a B.S. in Management from the University at Buffalo, State University of New York with concentrations in Accounting and Information Systems. He is a member of the American Institute of Certified Public Accountants and the Association of Bioscience Financial Officers.

### **M. Faye Wilson** Independent Director

Ms. M. Faye Wilson is Independent Director of Biocept Inc. Ms. Wilson has been a principal of Wilson Boyles & Co., LLC, a business management and strategic planning consulting firm, since 2003. Ms. Wilson is also a member of the board of directors of BioMed Realty Trust, Inc., a real estate investment trust. She served on the board of directors of Farmers Insurance Group of Companies from 1992 through 1998 and the board of directors of The Home Depot, Inc. from 1991 through 2001. Ms. Wilson was also a senior officer of Home Depot from 1998 through 2002. From 1992 until 1998, Ms. Wilson served in several senior management roles at Bank of America Corporation including Chairman of Security Pacific Financial Services and Executive Vice President and Chief Credit Officer for Bank of America's National Consumer Banking Group. She earned her Master's Degrees in International Relations and Business Administration from the University of Southern California and an undergraduate degree from Duke University.

## Board and Management (continued)

### **Lyle J. Arnold** **Senior Vice President**

Mr. Lyle J. Arnold, Ph. D., is Senior Vice President, Chief Scientific Officer of Biocept Inc. Dr. Arnold joined us as Senior Vice President and Chief Scientific Officer in 2011. Before then, he consulted for us from May 2010 to April 2011. He is a biotechnology executive, entrepreneur, and developer of innovative technologies covering therapeutics, molecular diagnostics, and genomics. Dr. Arnold also serves as President of Aegea Biotechnologies, Inc., which he founded in 2010 to acquire, develop, and commercialize next generation nucleic acid technologies. Previously he was Vice President, Research at Gen-Probe Incorporated from September 2003 to October 2009. During the time between departing from Gen-Probe and joining us, Dr. Arnold worked as a consultant for various entities through Lyle Arnold Consulting LLC, and started Aegea Biotechnologies in February 2010. Dr. Arnold is an inventor or co-inventor on 39 issued U.S. patents and more than 140 issued and pending patents worldwide. He is the principal inventor of the chemiluminescent Hybridization Protection Assay (HPA) and associated technologies, core to Gen-Probe assays that have generated more than \$5 billion in product revenue. In addition, he has authored more than 50 scientific publications. Dr. Arnold serves on the board of directors of Asuragen, a rapidly emerging biotechnology company in Austin, Texas, as well as on the board of Aegea. He received a B.S. in Chemistry from the University of California at Los Angeles and a Ph.D. in Chemistry/Biochemistry from the University of California at San Diego.



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