

Alder Biopharmaceuticals (ALDR : US\$15.05)

Alder Biopharmaceuticals continues uptrend, now soars 48% and in top 6% of the market

Alder Biopharmaceuticals Inc, NASDAQ's 11th largest healthcare-products company by market cap, has now soared US\$4.90 (or 48.3%) year to date in 2014 to close at US\$15.05. This gain means the stock is among the top 6% of NASDAQ-listed stocks in 2014. The volume YTD has been 0.3 times average trading of 153,283 shares. Compared with the NASDAQ-100 Index which has risen 9.8% YTD, this represents a relative price increase of 38.4%. In 2014 the market cap has jumped US\$160.1 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:

- The Q Ratio, defined by James Tobin as MCap divided by Total Assets, is 17.3. Compared with the rest of the market the stock is overvalued and ranks in the bottom 2% of stocks by value of Q Ratio.

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

- Its Moving Average Convergence Divergence indicators are rising, with its 12-day EMA higher than its 26-day EMA.

Stock Summary

Sector	Healthcare-Products
Market Cap	US\$463.6 million
Shares Outstanding	30,803,668

Financial Summary

Year ended	Dec 2013	Dec 2012	Dec 2011
Sales (USDm)	18.8	20.1	21.8
Pretax (USDm)	(20.6)	(17.8)	(13.3)
Net (USDm)	(20.6)	(17.8)	(13.3)
EPS (USD)	(0.71)	(0.61)	(0.46)

MCap: A Historical Perspective

	Share Price (USD)	Market Cap (\$)
Last	15.0	463.6 million

Analysis

Bearish Signals

- In the last 18 trading sessions there has been a net decline of 23.41%; the stock has retreated thirteen times and the biggest one day decline was 8.4% on Jul 02.
- The current short volume is 4.0 times its own historical average of 0.01%.

Overvaluation:

- The Q Ratio, defined by James Tobin as MCap divided by Total Assets, is 17.3. Compared with the rest of the market the stock is overvalued and ranks in the bottom 2% of stocks by value of Q Ratio.

Other Bearish Signals:

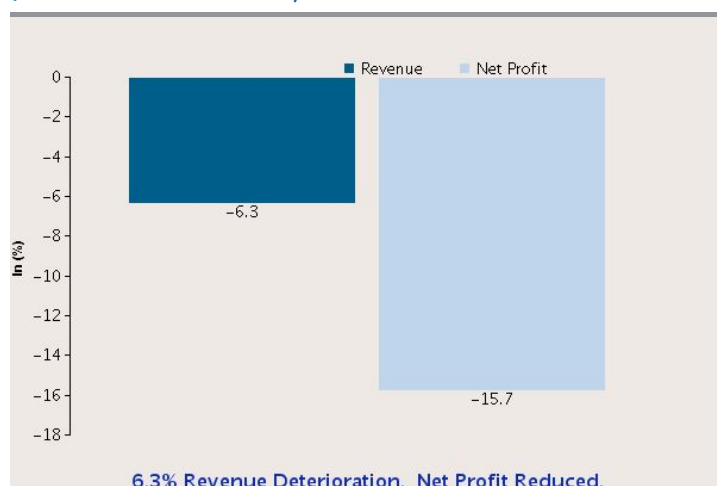
- Net Profit margin and EBIT margin has been negative in recent years.

Annual Trend:

[Year ended, all figures in %]:

Year	Net Profit Margin	EBIT Margin
Dec 13	-109.6	-109.4
Dec 12	-88.7	-88.7
Dec 11	-61	-60.1

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



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

Total shares on issue unchanged.

Bearish Indicators and Rank in Market:

Description	Value	Rank In Market
Volatility %	4.6	In Bottom Quartile
Annual Revenue	US\$18.8 million	In Bottom Quartile
Price/MAP50	0.66	In Bottom Quartile
Price Change %	-5.0	In Bottom 4%
P/E * P/NTA	325.88	In Bottom 4%
Price to Sales	24.7	In Bottom 1%

Note

Neutral Indicators and Rank in Market:

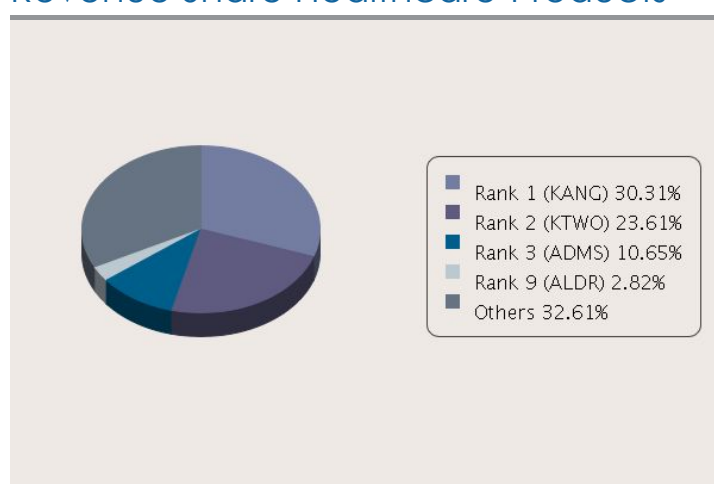
Description	Value	Rank In Market
MCap	US\$463.6 million	In 2nd Quartile

Bullish Signals:

- The price is at a discount of 11.8% to the 1-month volume weighted average price of US\$17.06, which may appeal as a value proposition.
- The Moving Average Convergence Divergence (MACD) indicator of 12-day Exponential Moving Average (EMA) of 16.6 minus the 26-day EMA of 16.18 is positive suggesting a bullish signal.
- The stock is oversold according to the Williams % R indicator of -99.1.
- In the NASDAQ Short Selling market of 2437 stocks, short selling as a % of issued shares ranked 2024th and within the bottom quartile of stocks. This means it was lower than market average of 0.45%, a bullish indicator.

Other Bullish Signals:

Revenue Share Healthcare-Products

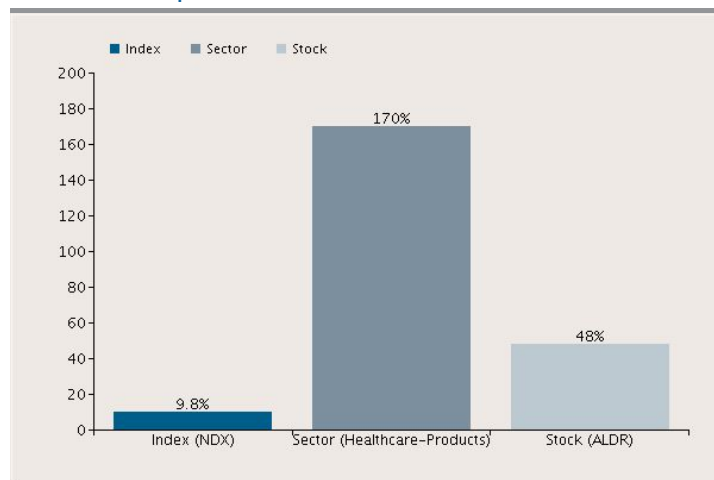


Analysis (continued)

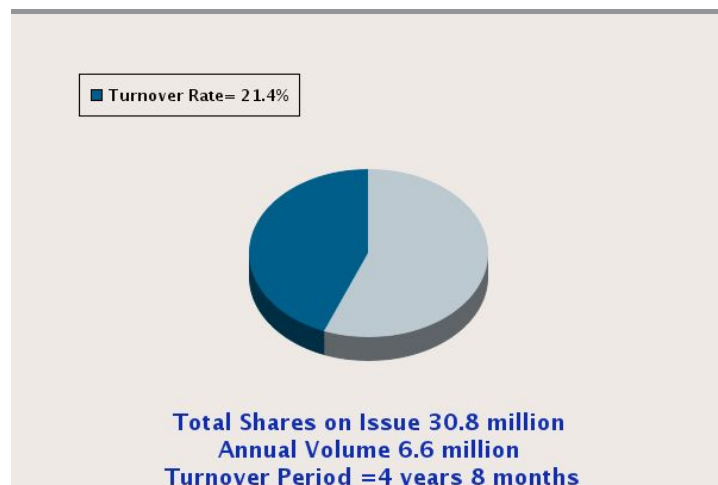
Insider Trades



YTD Comparison Stock Sector Index



Turnover Rate & Turnover Period



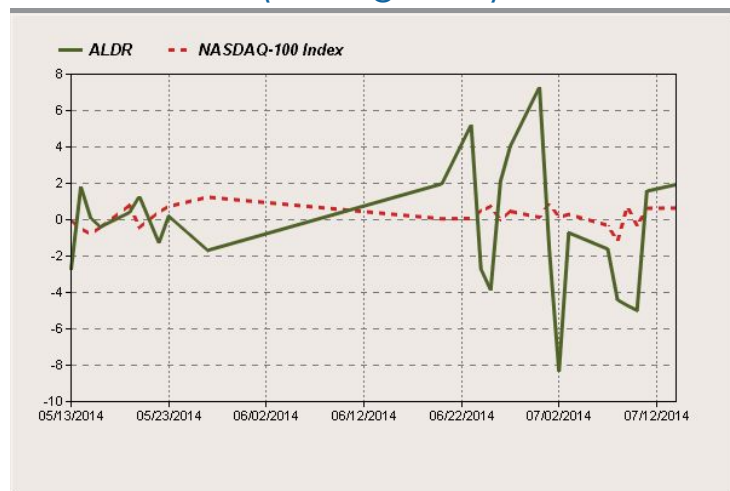
Trailing 3 months

Turnover	US\$105.4 million
Volume	6,590,699
Volume Index (1 is avg)	0.7

Price Volume Trend: Trailing Quarter



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)
K2M Group Holdings	16.02	-	594	-	158	-57	297
Alder Biopharmaceuticals	15.05	-	464	-	19	-21	27
Durata Therapeutics	16.13	91	430	2,216	-	-66	100
Supernus Pharmaceuticals	10.07	88	423	1,544	12	-92	111
Zafgen	18.32	-	400	-	-	-	-

Recent Analyst Recommendations

Date	Brokerage	Action	Past Rating	Current Rating	Prev Target	Price Target
11-Jun-2014	Bernstein	Initiated Coverage	-	Outperform	-	30
11-Jun-2014	Sanford C. Bernstein	Initiated Coverage	-	Outperform	-	-
02-Jun-2014	Leerink Swann	Initiated Coverage	-	Outperform	-	26
02-Jun-2014	Credit Suisse	Initiated Coverage	-	Outperform	-	20
02-Jun-2014	Wells Fargo & Co.	Initiated Coverage	-	Outperform	-	-

Reported Buying Selling by Insiders

Insider	Date	Transaction Type	No. of Shares	Price, US\$	Value, US\$
Montgomery Alan Bruce	May 13, 2014	Bought	3,000	10	30,000
Bridger Gary	May 13, 2014	Bought	250,000	10	2,500,000
Pakianathan Deepika	May 13, 2014	Bought	350,000	10	3,500,000

Company Overview

Activities

Alder Biopharmaceuticals Inc. provides pharmaceutical products and services. The Company identifies, develops, and manufactures antibody therapeutics to alleviate human suffering in cancer, pain, cardiovascular, and autoimmune and inflammatory disease areas. Alder Biopharmaceuticals operates in the United States.

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

Regulatory Announcements

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

June 27: Alder BioPharmaceuticals Added to Russell 3000(Registered) Index

June 18: Alder BioPharmaceuticals Reports First Quarter 2014 Financial Results

June 11: Alder BioPharmaceuticals to Present at Two Conferences in June

May 15: Alder Biopharmaceuticals insider buys

May 15: Alder Biopharmaceuticals substantial shareholder buys

May 15: Alder Biopharmaceuticals substantial shareholder buys

May 08: Alder BioPharmaceuticals Announces Pricing of Initial Public Offering

Issued Capital

Based on 30,803,668 issued equity shares the market capitalisation is US\$463.6 million. It is NASDAQ's 20th largest Healthcare-Products company by assets.

Board and Management

Randall C. Schatzman **CEO & President**

Dr. Randall C. Schatzman is Founder, President, Chief Executive Officer, and Board Member at Alder Biopharmaceuticals, Inc. Prior to co-founding the Company, he was Senior Vice President of Discovery Research at Celltech R&D Inc. He received his Ph.D. in Molecular Pharmacology from Emory University before completing an American Cancer Society postdoctoral fellowship in the laboratory of J. Michael Bishop at the University of California, San Francisco.

Steve Dow **Chairman**

Mr. Steve Dow is Chairman of the Board at Alder Biopharmaceuticals, Inc. He also serves on the boards of Cytokinetics and Citrix, two public companies funded by Sevin Rosen Funds. He also sits on the boards of Limerick Neurosciences, Kabira, Plectix Biosystems, and Reactive Nanotechnologies. Before that, he was CEO for Ansa Software and Calera.

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