

Adamas Pharmaceuticals (ADMS : US\$18.37)

Adamas Pharmaceuticals jumps 35% in 2014, but lagging Healthcare-Products sector

Adamas Pharmaceuticals Inc, NASDAQ's 24th largest healthcare-products company by market cap, has now jumped US\$4.77 (or 35.1%) year to date in 2014 to close at US\$18.37. This gain makes the stock the lowest rising one in the Healthcare-Products sector which is up 237.6% in 2014. The volume YTD has been 0.5 times average trading of 56,487 shares. Compared with the NASDAQ-100 Index which has risen 13.6% YTD, this represents a relative price increase of 21.5%. In 2014 the market cap has jumped US\$83.5 million.

Introduction

We are currently bullish 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 bullish on the stock is the following:

- Its Moving Average Convergence Divergence indicators are rising, with its 12-day EMA higher than its 26-day EMA.
- "An earnings-to-price yield of at least twice the triple-A bond"; the stock's earning yield of 16.6% is 5.7 times the triple-A bond yield of 2.9%.
- "Current ratio of two or more"; current assets are 20.4 times current liabilities.

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

- The price has risen above the upper Bollinger band of US\$18.29.
- The Q Ratio, defined by James Tobin as MCap divided by Total Assets, is 3.6. Compared with the rest of the market the stock is overvalued and ranks in the bottom quartile of stocks by value of Q Ratio.

Stock Summary

Sector	Healthcare-Products
Market Cap	US\$306.9 million
Shares Outstanding	16,707,822
EPS Growth	187
ISIN	US00548A1060
Relative Strength (3 mo)	36

Financial Summary

Year ended	Dec 2013	Dec 2012	Dec 2011
Sales (USD)	71.1M	37.47M	1.98M
Pretax (USD)	52.11M	18.04M	(8.23M)
Net (USD)	50.92M	17.74M	(8.24M)
EPS (USD)	3.1	1.08	(0.5)

MCap: A Historical Perspective

	Share Price (USD)	Market Cap (US\$)
Last	18.4	306.9 million

Analysis

Bullish Signals

- In the last 8 trading sessions there has been a net rise of 10.26%; the stock has advanced four times and the biggest one day rise was 1.6% on Jul 23.
- The Moving Average Convergence Divergence (MACD) indicator of 12-day Exponential Moving Average (EMA) of 17.14 minus the 26-day EMA of 16.87 is positive suggesting a bullish signal. Both the 12-day EMA as well as the 26-day EMA are rising, another bullish signal.

Undervaluation:

- The earnings yield of 16.6% is 5.7 times the 10-year bond yield of 2.9%.
- The company is cash rich with Cash to Market Capitalisation at 27.9%.

Other Bullish Signals:

- Net Profit margin has shown signs of recovery in recent quarters.

Quarterly Trend:

[Quarter ended, all figures in %]:

Qtr	Revenue Growth	Net Profit Margin
Jun 14	14,192	65.3
Mar 14	-	-3,625

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



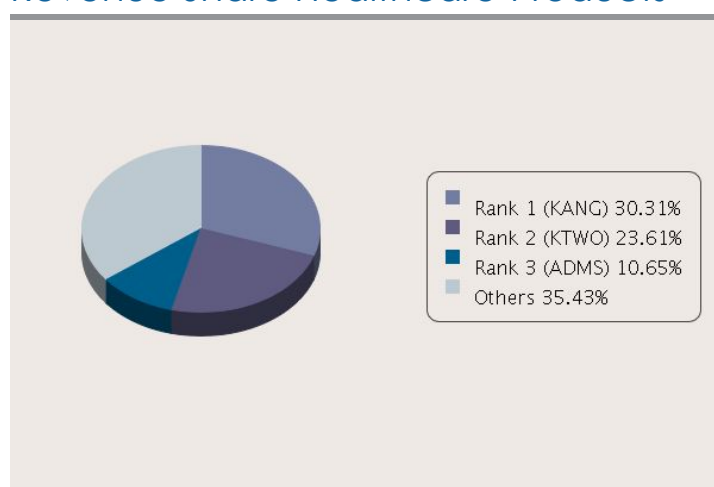
Also, the following criteria set by Benjamin Graham:

- "An earnings-to-price yield of at least twice the triple-A bond"; the stock's earning yield of 16.6% is 5.7 times the triple-A bond yield of 2.9%.
- "Current ratio of two or more"; current assets are 20.4 times current liabilities.

Bullish Indicators and Rank in Market:

Description	Value	Rank In Market
EPS Growth %	187	In Top 2%
Net Profit Margin %	71.6	In Top 2%
Price Earnings	6	In Top 7%
%Prem To Vol Wtd Price	10.3	In Top 10%
Cash to MCap %	27.9	In Top Quartile

Revenue Share Healthcare-Products



Bearish Signals

- The price is at a premium of 10.3% to the 1-month volume weighted average price of US\$16.66. In the past year the premium has been greater than 10.3% just eight times, suggesting a topish level and cautious buying at the current price.
- The price has risen above the upper Bollinger band of US\$18.29; the stock is also overbought according to the Williams % R indicator of -9.2.
- The current short volume is 1.7 times its own historical average of 0.1%.

Overvaluation:

- The Q Ratio, defined by James Tobin as MCap divided by Total Assets, is 3.6. Compared with the rest of the market the stock is overvalued and ranks in the bottom quartile of stocks by value of Q Ratio.

Other Bearish Signals:

The stock has a score of merely 2 out of 9 set by Joseph Piotroski [pass mark ≥ 5]:
Positive net income; positive operating cashflow.

Analysis (continued)

Bearish Indicators and Rank in Market:

Description	Value	Rank In Market
Price to Sales	4.3	In Bottom Quartile
Volatility %	7.3	In Bottom 8%
Price/MAP50	0.63	In Bottom 7%

Note

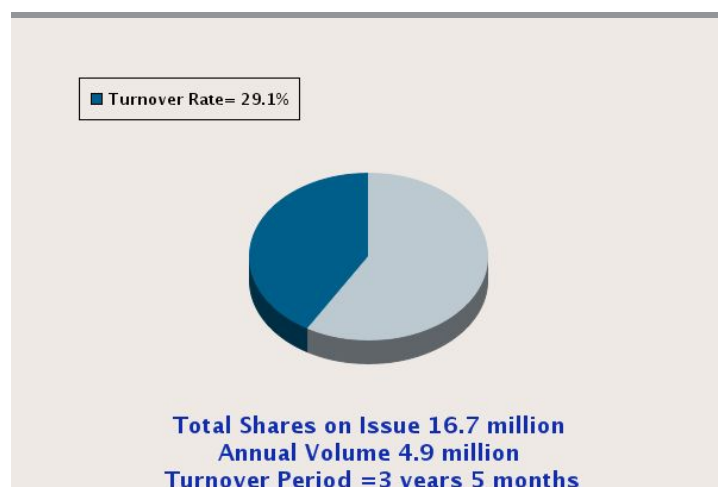
Neutral Indicators and Rank in Market:

Description	Value	Rank In Market
MCap	US\$306.9 million	In 3rd Quartile
Turnover in Quarter	US\$55.9 million	In 3rd Quartile

Insider Trades



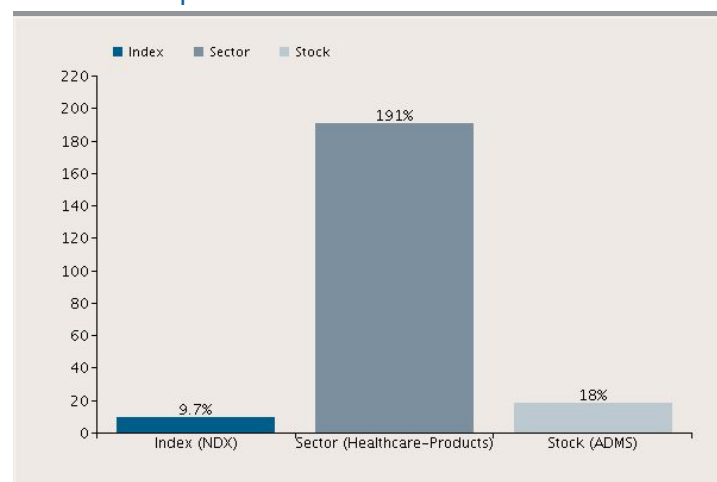
Turnover Rate & Turnover Period



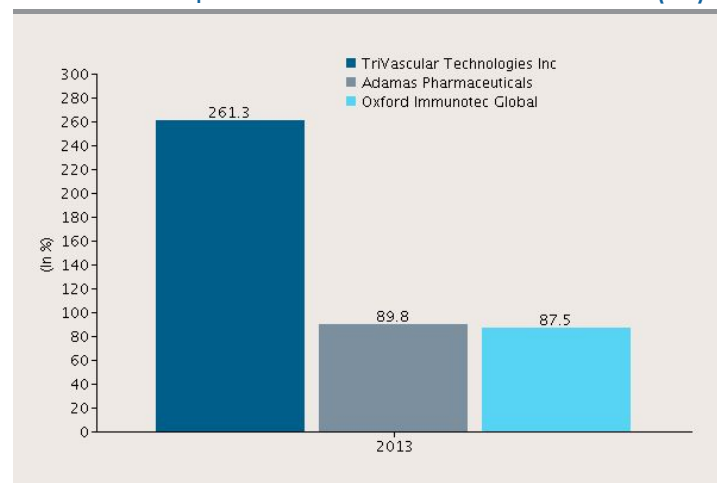
Trailing 3 months

Turnover	US\$55.9 million
Volume	3,197,392
Volume Index (1 is avg)	0.9

YTD Comparison Stock Sector Index



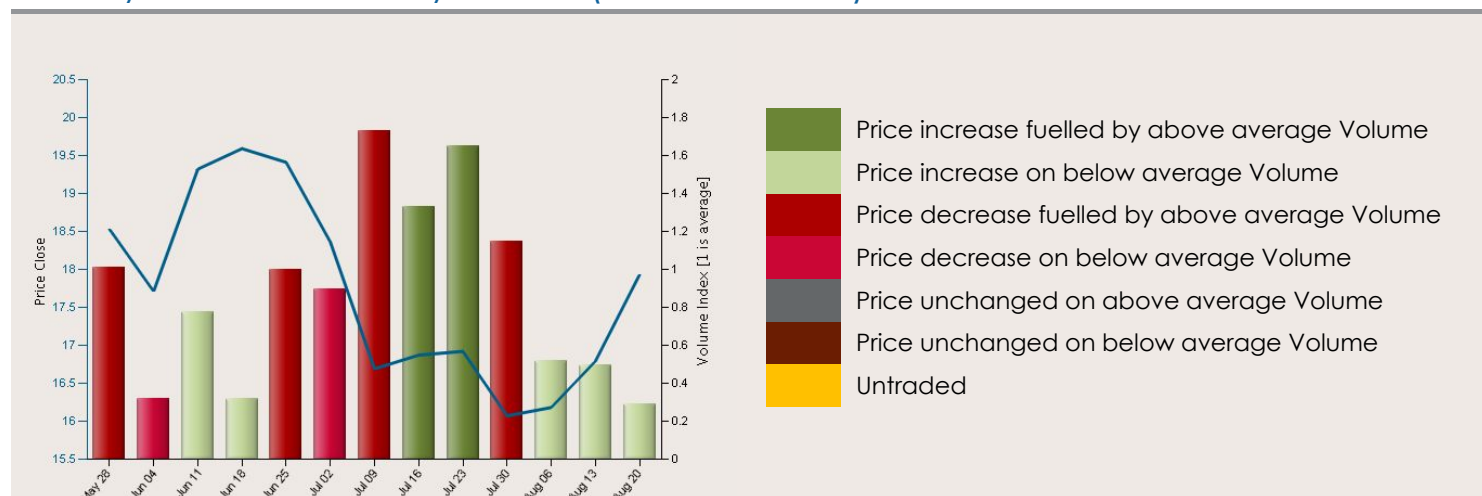
Peer Comparison Revenue Growth (%)



Price Volume Trend: Trailing Quarter



Weekly Price Volume Dynamics (Last 12 Weeks)



Recent Analyst Recommendations

Date	Brokerage	Action	Past Rating	Current Rating	Prev Target	Price Target
12-Aug-2014	Credit Suisse	Boost Price Target	-	-	26	30

Company Overview

Activities

Adamas Pharmaceuticals, Inc. manufactures drugs. The Company develops therapeutics for the treatment of neurological and infectious diseases. Adamas Pharmaceuticals offers its products to the medical, pharmaceutical and healthcare industries.

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

Regulatory Announcements

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

August 05: United States Patent Issued to Adamas Pharmaceuticals
June 16: Adamas Pharmaceuticals To Present At JMP Securities Healthcare Conference 2014
June 10: Adamas Pharmaceuticals Announces Rater Training Data on ADS-5102 for Parkinson's Disease Patients with Levodopa-Induced Dyskinesia
June 09: United States Patent Issued To Adamas Pharmaceuticals
June 09: Adamas Pharmaceuticals Initiates Phase 3 Trial For ADS-5102 In Parkinson's Disease Patients With Levodopa-Induced Dyskinesia
May 13: Adamas Reports First Quarter 2014 Financial Results
April 30: Adamas Pharmaceuticals Provides Data Update On ADS-5102 At The American Academy Of Neurology Annual Meeting

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

August 13: Adamas Pharmaceuticals appoints Jeffrey Knapp as COO 14 August 2014
August 13: Adamas Pharmaceuticals appoints William J. Dawson as CFO 14 August 2014
August 13: Adamas Pharmaceuticals CFO Anthony M. Rimac departs 14 August 2014

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

August 07: Adamas Pharmaceuticals: Results of Operations and Financial Condition

Issued Capital

Based on 16,707,822 issued equity shares the market capitalisation is US\$306.9 million. It is NASDAQ's 11th largest Healthcare-Products company by assets.

Board and Management

Gregory Went CEO & Chairman & Director

Dr. Went, founding CEO and Chairman of Adamas Pharmaceuticals, has overseen the development of the company since its inception. Previously, Dr. Went co-founded CuraGen Corporation in 1992, where he served as an Executive Vice President and Director. Dr. Went serves on the Board of Directors of Angelica Therapeutics. Dr. Went received his Ph.D. in Chemical Engineering from the University of California, Berkeley, a B.S. in Chemical Engineering from Carnegie Mellon University and is the author of 21 papers and an inventor on more than 45 patents and patent applications.

William J. Dawson CFO

Mr. Dawson previously served as Chief Financial Officer of Catalyst Biosciences, Inc., a privately-held biotechnology company from March 2010 to April 2012. From August 2004 to April 2009, Mr. Dawson served as Vice President, Finance and Chief Financial Officer of Cerus Corporation, a publicly-held biopharmaceutical company, where Mr. Dawson was responsible for managing Cerus' corporate development efforts and its financial and accounting organization. Prior to joining Cerus, Mr. Dawson served in a variety of senior financial positions at companies in the biotechnology, healthcare services and information technology, investment banking, alternate energy and transportation industries. Mr. Dawson has served as a member of the board of directors of McGrath RentCorp, a publicly held business-to-business rental company, since 1998 and as a member of the board of directors of Wellington Trust Company, a subsidiary of Wellington Management Company, LLP, a private institutional investment management company, since 2001. Mr. Dawson received a Bachelor's degree from Stanford's School of Engineering, Department of Architecture with a concentration in Mechanical Engineering and an M.B.A. from Harvard Business School.

Creation of shareholder value in Adamas Pharmaceuticals:

Since appointment as CFO: The present value of USD1,000 invested on the appointment date of August 12, 2014 at close price of US\$16.21 is US\$1,133, for a capital gain of US\$133.

John MacPhee Director

Mr. MacPhee serves as the Executive Director and CEO of The Jed Foundation, a non-profit organization dedicated to promoting emotional health and preventing suicide among college and university students, and brings 20 years of leadership and management experience from the business and not-for-profit settings. Prior to The Jed Foundation, he served as president of Strativa Pharmaceuticals, where he oversaw commercial operations, clinical development, medical affairs, alliance management and business development. Previously, he worked at Forest Laboratories, where he led the launches of Celexa[®], Lexapro[®] and Namenda[®]. Mr. MacPhee also serves as a board member for Bottom Line, a nonprofit organization that provides guidance counseling to disadvantaged urban youth to help them get into college and graduate. He earned a B.A. from Columbia College, an M.B.A. from New York University and an M.P.H. from Columbia University.

Sara Grootwassink Lewis Director

Ms. Lewis is the Chief Executive Officer of Lewis Corporate Advisors, LLC, a capital markets advisory firm. Previously, Ms. Lewis was the Executive Vice President and Chief Financial Officer of Washington Real Estate Investment Trust. Ms. Lewis serves on the Board of Directors of CapitalSource, PS Business Parks and Plum Creek Timber. Ms. Lewis holds the Chartered Financial Analyst (CFA) designation, and is a Certified Public Accountant (CPA), registered in the State of Illinois. She received her B.S. in Finance from the University of Illinois, Urbana-Champaign. Ms. Lewis also serves on the Corporate Governance Working Group for the US Chamber of Commerce - Center for Capital Markets Competitiveness, and is a member of the Economic Club of Washington, DC. She is a National Association of Corporate Directors Board Leadership Fellow, a member of the Tapestry West Audit Committee Network and a member of the Audit Committee Roundtable of Orange County.

Board and Management (continued)

Martha Demski Director

Ms. Demski currently serves as Senior Vice President and Chief Financial Officer of Ajinomoto Althea, Inc. She has more than 30 years experience in the fields of finance and biotechnology. Ms. Demski also serves on the Board of Directors of Chimerix, Inc. She previously served as the Interim Chief Operating Officer and CFO of the Sidney Kimmel Cancer Center (SKCC), and as CFO of Vical Incorporated where she was responsible for multiple private and public financings, including Vical's IPO. Ms. Demski was also previously a VP and Section Manager with Bank of America, with expertise in financing the corporate lending and leasing needs of biotech and other client companies. She holds an M.B.A. from The University of Chicago Booth School of Business, and a B.A. from Michigan State University.

William Ericson Director

Mr. Ericson is a general partner with Mohr Davidow Ventures (MDV). Mr. Ericson was a co-founder of Rosetta Inpharmatics and served on the company's Board until its acquisition by Merck in 2001. He joined MDV after 10 years of working with and investing in entrepreneurs and early stage companies, most recently as managing partner and founder of Venture Law Group's Seattle office. Mr. Ericson currently serves on the boards of several private software and life sciences infrastructure companies. Mr. Ericson received his B.S.F.S. from Georgetown University of Foreign Service and J.D. from Northwestern University School of Law.

Ivan Lieberburg Director

Dr. Lieberburg is currently a member of the Tavistock Group, a private equity firm, where he concentrates on health care and life sciences investment opportunities. Prior to joining Tavistock in 2009, Dr. Lieberburg was employed at Elan, plc, for 22 years, where his most recent role was as Executive Vice President, Corporate Office of Technology and Chief Medical Officer. Prior to joining Elan (formerly Athena Neurosciences, Inc.) in 1987, Dr. Lieberburg held faculty positions at Albert Einstein School of Medicine and Mt. Sinai School of Medicine.

David L. Mahoney Director

Mr. Mahoney is a private equity investor and currently serves as a director of Symantec Corp. and Corcept Therapeutics. Mr. Mahoney served as co-CEO of McKesson HBOC, Inc. (now McKesson Corporation) and as CEO of McKesson LLC from July 1999 to February 2001. He joined McKesson in 1990 as Vice President for Strategic Planning, and is credited with developing innovative business strategies to grow the PCS Health System subsidiary, leading to the sale of PCS to Eli Lilly & Co. Prior to joining McKesson, Mr. Mahoney was a principal with McKinsey & Company from 1981 to 1990. Mr. Mahoney is an honors graduate from Harvard Business School and Princeton University.

Richard H. Booth Director

Mr. Booth serves as a senior advisor to Century Capital Management LLC, an investment advisory firm located in Boston, Massachusetts. Previously, Mr. Booth served as Vice Chairman of Guy Carpenter & Company, LLC, a wholly owned subsidiary of Marsh & McLennan Companies, Inc., as a corporate officer, and Vice Chairman, Transition Planning and Chief Administrative Officer, of American International Group, Inc. From January 2000 to March 2009, he also served as Chairman and a director of HSB Group, Inc. and as Chairman and a director of Hartford Steam Boiler Inspection and Insurance Company. Mr. Booth serves on the boards of Northeast Utilities, SunLife Financial Inc., The Hanover Insurance Group, Inc. and several private and/or non-profit companies. He is a former member of the Financial Accounting Standards Advisory Council and its Steering Committee and is a National Association of Corporate Directors Board Leadership Fellow. Mr. Booth received B.S. and M.S. degrees from the University of Hartford.

Board and Management (continued)

Jeffrey Knapp Chief Operating Officer

Mr. Knapp previously served as the Company's Chief Commercial Officer since February 2014. From July 2006 to March 2013, Mr. Knapp served as Chief Commercial Officer of Affymax, Inc., a biopharmaceutical company. From November 2005 to April 2006, Mr. Knapp served as Senior Vice President, Sales and Marketing at Abgenix, Inc., a biopharmaceutical company. From October 2004 to July 2005, Mr. Knapp served as Vice President, Sales and Marketing, North America at Pharmion Corporation, a pharmaceutical company. From November 2001 to October 2004, Mr. Knapp served as Vice President, U.S. sales and marketing at EMD Pharmaceuticals, a division of Merck KGaA, a pharmaceutical company. He has also held sales, marketing and business development positions at Eli Lilly and Company and Schering-Plough Corporation, both pharmaceutical companies. Mr. Knapp holds a B.A. from Wittenberg University.

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