

Akebia Therapeutics (AKBA : US\$11.61)

Akebia Therapeutics plummets 42% in 2014, underperforming 86% of the market

Akebia Therapeutics Inc, NASDAQ's 29th largest healthcare-products company by market cap, has now plummeted US\$8.39 (or 42%) year to date in 2014 to close at US\$11.61. This loss means the stock has underperformed 86% of NASDAQ-listed stocks in 2014. The volume YTD has been 0.7 times average trading of 179,816 shares. Compared with the NASDAQ-100 Index which has risen 20.2% YTD, this represents a relative price change of -62.1%. In 2014 the market cap has declined US\$149.2 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 6.8. Compared with the rest of the market the stock is overvalued and ranks in the bottom 7% of stocks by value of Q Ratio.
- Amongst stocks that are shorted, it was in the top quartile as a percentage of stock shorted, suggesting that there are many confident bears of the stock.
- The price to 200-day MAP ratio is 0.4, a bearish indicator.

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

- "Total debt less than tangible book value"; total debt of \$US10,000 is less than tangible book value of \$US30.8 Million.

Stock Summary

Sector	Healthcare-Products
Market Cap	US\$236.2 million
Shares Outstanding	20,340,805
ISIN	US00972D1054
Relative Strength (3 mo)	3

Financial Summary

Year ended	Dec 2013	Dec 2012	Dec 2011
Pretax (USD)	(13.17M)	(8.2M)	(15.3M)
Net (USD)	(69.05M)	(11.52M)	(18.27M)
EPS (USD)	(3.78)	(0.63)	(1.0)

MCap: A Historical Perspective

	Share Price (USD)	Market Cap (US\$)
Last	11.6	236.2 million

Analysis

Bullish Signals

- The price is at a discount of 5.2% to the 1-month volume weighted average price of US\$12.24, which may appeal as a value proposition.
- In the last 7 trading sessions there has been a net rise of 0.52%; the stock has advanced ten times and the biggest one day rise was 11.1% on Dec 08.

Other Bullish Signals:

- Return on Assets is negative but improving in recent years.

Annual Trend:

[Year ended, all figures in %]:

Year	ROE	ROA	ROCE
Dec 13	-224.5	-199.2	-40.5
Dec 12	-	-514.3	-

Also, the following criteria set by Benjamin Graham:

- "Total debt less than tangible book value"; total debt of \$US10,000 is less than tangible book value of \$US30.8 Million.
- "Current ratio of two or more"; current assets are 8.6 times current liabilities.

Bullish Indicators and Rank in Market:

Description	Value	Rank In Market
Price Change %	2.2	In Top Quartile

Bearish Signals

- Falls to Rises: In the last three months the number of falls outnumbered rises 39:24 or 1.62:1.
- In the NASDAQ market of 2,417 stocks traded today, the stock has a 6-month relative strength of 4 indicating it is trailing 96.0% of the market.
- The Moving Average Convergence Divergence (MACD) indicator of 12-day Exponential Moving Average (EMA) of 11.59 minus the 26-day EMA of 12.06 is negative suggesting a bearish signal.
- The Price/MAP of 0.4 for AKBA is lower than the Price/MAP for the NASDAQ-100 Index of 0.9.

- The price to 200-day MAP ratio is 0.4, a bearish indicator. In the past 200 days this ratio has been under 0.4 11 times suggesting further downside. The stock is trading below both its MAPs and the 50-day MAP of US\$28.76 is lower than the 200-day MAP of US\$28.99, a bearish indicator. The 200-day MAP has decreased to US\$28.99. A decrease is another bearish indicator.
- In the NASDAQ Short Selling market of 2417 stocks, short selling as a % of issued shares ranked 597th and within the top quartile of stocks. This means it was higher than market average of 0.5%, a bearish indicator.
- The current short volume is 1.3 times its own historical average of 0.4%. It jumped 7.9% from the previous day, jumped 6.1% from a week ago and soared 13.6% from a month ago, a significant bearish indicator.

Overvaluation:

- The Q Ratio, defined by James Tobin as MCap divided by Total Assets, is 6.8. Compared with the rest of the market the stock is overvalued and ranks in the bottom 7% 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]:

Improvement in current ratio from 0.5 to 8.6; Total shares on issue unchanged.

Bearish Indicators and Rank in Market:

Description	Value	Rank In Market
Price to Book Value	7.7	In Bottom Quartile
Price/MAP200	0.4	In Bottom 3%
Relative Strength (6M)	4	In Bottom 3%
Price/MAP50	0.4	In Bottom 2%

Note

Neutral Indicators and Rank in Market:

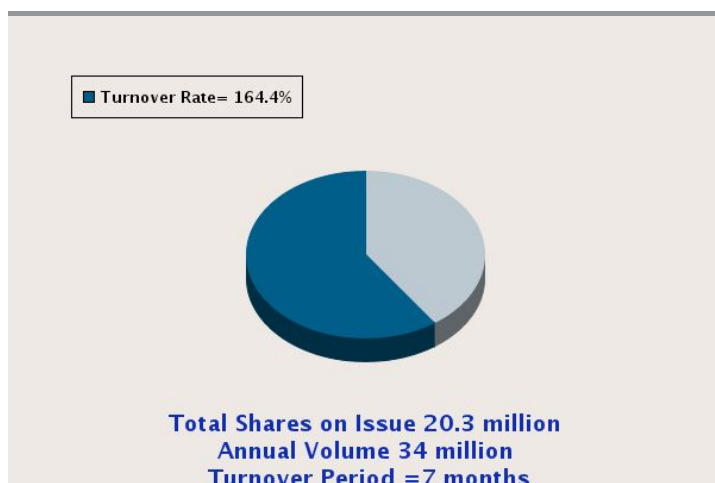
Description	Value	Rank In Market
Turnover in Quarter	US\$178.5 million	In 2nd Quartile
MCap	US\$236.2 million	In 3rd Quartile

Analysis (continued)

Insider Trades



Turnover Rate & Turnover Period



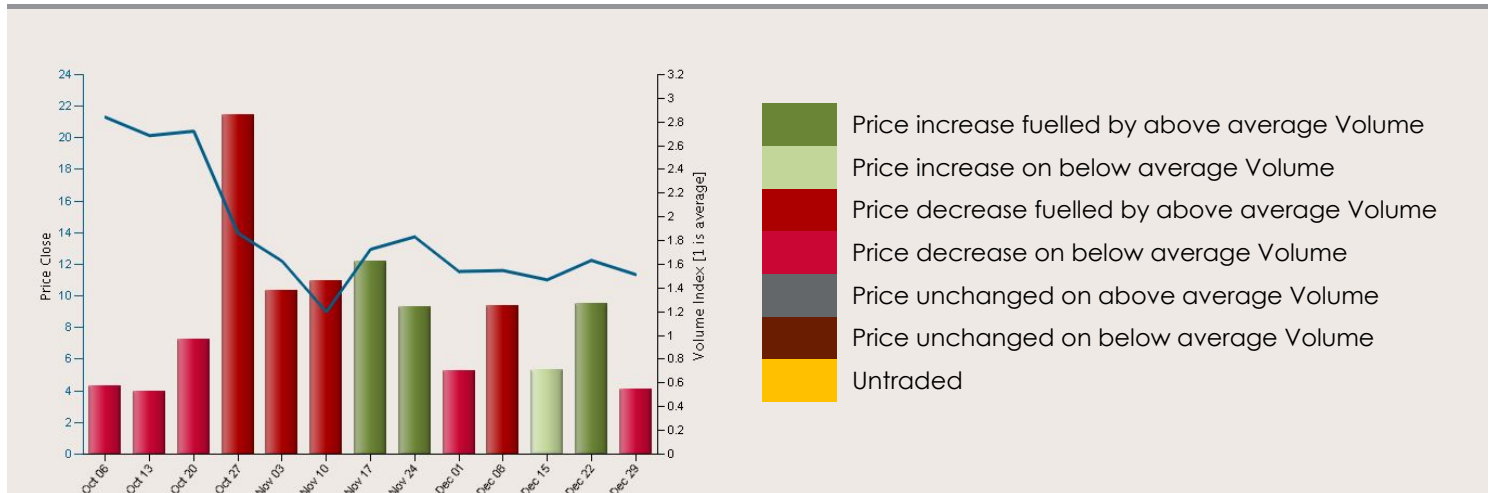
Trailing 3 months

Turnover	US\$178.5 million
Volume	13,201,873
Volume Index (1 is avg)	1.2

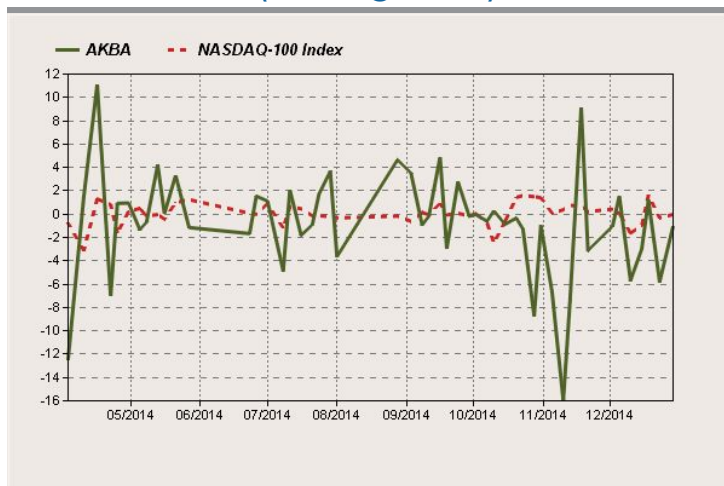
Price Volume Trend: Trailing Quarter



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
07-Nov-2014	Nomura	Reiterated Rating	-	Buy	-	39

Reported Buying and Selling by Insiders

Insider	Date	Transaction Type	No. of Shares	Price, US\$	Value, US\$
Butler John P.	Dec 29, 2014	Bought	1,000	11.57	11,567
Nash Duane	Dec 24, 2014	Sold	6,764	11.26	76,189
Nash Duane	Dec 26, 2014	Sold	5,169	11.19	57,846
Butler John P.	Dec 22, 2014	Bought	1,000	11.92	11,916
Butler John P.	Dec 15, 2014	Bought	1,000	11.34	11,336
Renaud Ronald C Jr	Dec 02, 2014	Bought	5,000	11.92	59,600
Amello Jason	Nov 26, 2014	Bought	1,000	13.22	13,220
Satter Muneer A	Nov 25, 2014	Bought	5,000	13.18	65,900
Satter Muneer A	Nov 24, 2014	Bought	5,000	13.88	69,400
Satter Muneer A	Nov 21, 2014	Bought	5,000	14.73	73,650

Company Overview

Activities

Akebia Therapeutics, Inc. manufactures biopharmaceutical products. The Company develops products for the treatment of anemia and vascular disease. Akebia Therapeutics operates in the United States.

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

Economic Sector

Healthcare

Regulatory Announcements

December 16 2014: Akebia Therapeutics, Inc. Added to NASDAQ Biotechnology Index

[News Story] CAMBRIDGE, Mass.--(BUSINESS WIRE)-- Akebia Therapeutics, Inc. (NASDAQ:AKBA), a biopharmaceutical company focused on delivering innovative therapies to patients with kidney disease through the biology of hypoxia inducible factor (HIF), today announced that it has been selected for addition to the NASDAQ Biotechnology Index(Registered) (Nasdaq:NBI).

[For more details click here.](#)

December 16 2014: Akebia Therapeutics: Annual Changes to the NASDAQ Biotechnology Index

[News Story] NEW YORK, Dec. 15, 2014 (GLOBE NEWSWIRE) -- The NASDAQ OMX Group, Inc. (Nasdaq:NDAQ) today announced the results of the annual re-ranking of the NASDAQ Biotechnology Index (Nasdaq:NBI), which will become effective prior to market open on Monday, December 22, 2014.

The following 44 securities will be added to the Index: Avalanche Biotechnologies, Inc.

[For more details click here.](#)

Conferences/Exhibitions

December 04 2014: Akebia to Present at the Oppenheimer 25th Annual Healthcare Conference

[News Story]

CAMBRIDGE, Mass.-- Akebia Therapeutics, Inc. (NASDAQ:AKBA), a biopharmaceutical company focused on delivering innovative therapies to patients with kidney disease through the biology of hypoxia inducible factor (HIF), today announced that John P. Butler, President and Chief Executive Officer, will present at the Oppenheimer 25th Annual Healthcare Conference on Thursday, December 11, 2014 at 1:00 p.m.

[For more details click here.](#)

November 17 2014: Akebia Therapeutics President and Chief Executive Officer Establishes Stock Purchase Plan

[News Story] Akebia Therapeutics, Inc. (NASDAQ:AKBA), a biopharmaceutical company focused on delivering innovative therapies to patients with kidney disease through the biology of hypoxia inducible factor (HIF), announced today that John P. Butler, President and Chief Executive Officer of Akebia, has established a personal stock purchasing plan to acquire shares of the company's common stock.

[For more details click here.](#)

November 11 2014: Akebia Announces Poster Presentations at the Upcoming American Society of Nephrology Kidney Week 2014 Annual Meeting

[News Story] CAMBRIDGE, Mass.-- Akebia Therapeutics, Inc. (NASDAQ:AKBA), a biopharmaceutical company focused on delivering innovative therapies to patients with kidney disease through the biology of hypoxia inducible factor (HIF), today announced that data from the AKB-6548 development program will be presented in two poster sessions at the upcoming American Society of Nephrology (ASN) Kidney Week 2014 annual meeting in Philadelphia, PA from November 11-16, 2014.

Poster session details:

Thursday, November 13 - Saturday, November 15, 2014

Title: Phase 2a Study of AKB-6548, a novel Hypoxia-Inducible Factor Prolyl-Hydroxylase Inhibitor (HIF-PHI) in Patients with End Stage Renal Disease (ESRD) Undergoing Hemodialysis (HD) (Poster Board #:INFO25)

Poster Times: 9:30 a.m.

[For more details click here.](#)

Financial Results

November 10 2014: Akebia Announces Third Quarter 2014 Financial Results

[News Story]

<http://www.nasdaq.com/aspx/stockmarketnewsstoryprint.aspx?storyid=akebia-announces-third-quarter-2014-financial-results-20141110-00185>

Source: Nasdaq Stock Exchange

[For more details click here.](#)

Company Overview (continued)

Conferences/Exhibitions

October 31 2014: Akebia to Participate in Upcoming Investor Conferences

[News Story]

CAMBRIDGE, Mass.-- Akebia Therapeutics, Inc. (NASDAQ:AKBA), a biopharmaceutical company focused on delivering innovative therapies to patients with kidney disease through the biology of hypoxia inducible factor (HIF), today announced that John P. Butler, President and Chief Executive Officer, will participate in two upcoming investor conferences:

Presentation at the Nomura Biotechnology Conference on Thursday, November 6, at 11:00 a.m.

[For more details click here.](#)

8-K people news

July 17: Kim Dueholm - Akebia Therapeutics director to resign 21 July 2014

Kim Dueholm will resign from Akebia Therapeutics as Director. The resignation takes effect from Jul 28, 2014.

8-K other news

December 18: Akebia Therapeutics: Entry into a Material Definitive Agreement

[News Story]

http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1517022_000119312514446929_0001193125-14-446929.txt

Source: 8-K United States Securities and Exchange Commission

October 27: Akebia Therapeutics: Regulation FD Disclosure

[News Story]

http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1517022_000119312514382242_0001193125-14-382242.txt

Source: 8-K United States Securities and Exchange Commission

Issued Capital

Based on 20,340,805 issued equity shares the market capitalisation is US\$236.2 million.

Gilder Gagnon Howe & Co LLC holds 0.3% and Citadel Advisors LLC holds 0.1% of the issued capital.

Top 2 Shareholders

Name of Shareholder	No. of Shares	% Held
Gilder Gagnon Howe & Co LLC	62,380	0.31
Citadel Advisors LLC	18,448	0.09
Total	80,828	0.4

Board and Management

John P. Butler CEO & President

Mr. John P. Butler is appointed as its President and Chief Executive Officer of Akebia Therapeutics, Inc., effective from September 16, 2013. Mr. Butler was most recently CEO of Inspiration Biopharmaceuticals and prior to that, held several positions at Genzyme Corporation, including President of the Cardiometabolic and Renal Division. Mr. Butler has served in additional roles over his 14-year tenure at Genzyme, his last role was President of the Rare Genetic Disease division. Prior to Genzyme, Mr. Butler held commercial positions at Amgen Inc. and Hoffmann-La Roche. Mr. Butler currently serves as the Chairman of the Board of Trustees for the American Kidney Fund. He received his bachelor's degree from Manhattan College and his MBA from the Zicklin School, Baruch College, City University of New York.

Jason A. Amello CFO & Senior Vice President

Mr. Jason A. Amello has been the Chief Financial Officer, Senior Vice President, Treasurer of Akebia Therapeutics Inc since 2013. Prior to joining Akebia, Mr. Amello served as Executive Vice President, Chief Financial Officer, and Treasurer of ZIOPHARM Oncology, Inc., a biopharmaceutical company, from 2012 to 2013. From 2000 to 2011, Mr. Amello held various positions at Genzyme Corporation, most recently as Senior Vice President, Corporate Controller, and Chief Accounting Officer. Earlier in his career, Mr. Amello spent 10 years in the business advisory and assurance practice of Deloitte, serving in various roles of increasing responsibility through senior manager. Mr. Amello holds a BA from Boston College and is a Certified Public Accountant in the Commonwealth of Massachusetts.

Ronald C. Renaud, Jr. Director

Mr. Renaud served as President, Chief Executive Officer and Director of Idenix Pharmaceuticals, Inc. from October 2010 until the company's recent acquisition by Merck. Prior to that, Mr. Renaud served in several key roles at Idenix including Chief Financial Officer, Treasurer and Chief Business Officer. Before joining Idenix, Mr. Renaud served as Senior Vice President and Chief Financial Officer of Keryx Biopharmaceuticals, Inc. Previously, Mr. Renaud was also a Senior Research Analyst and Global Sector Coordinator for JP Morgan Securities, where he was responsible for the biotechnology equity research effort, covering all ranges of capitalized biotechnology companies. Mr. Renaud also spent more than five years at Amgen Inc., where he held positions in clinical research, investor relations and finance. Mr. Renaud holds a B.A. from St. Anselm College and an M.B.A. from the Marshall School of Business at the University of Southern California.

Creation of shareholder value in Akebia Therapeutics:

Since appointment as Director: The present value of USD1,000 invested on the appointment date of September 15, 2014 at close price of US\$20.46 is US\$567, for a capital loss of US\$433.

Board and Management (continued)

Maxine Gowen Director

Dr. Gowen joined Trevena in 2007 as its founding President and CEO. Prior to this position, Dr. Gowen held a variety of leadership roles at GlaxoSmithKline (GSK) over a period of 15 years. As Senior Vice President for the company's Center of Excellence for Drug Discovery, she developed an innovative new approach to externalizing drug discovery. Dr. Gowen was previously President and Managing Partner at SR One, the venture capital subsidiary of GSK, where she led its investments in and served on the Board of Directors of numerous companies. Dr. Gowen also previously served as Vice President, Drug Discovery, Musculoskeletal Diseases at GSK, where she was responsible for drug discovery and early development for osteoporosis, arthritis and metastatic bone disease. Dr. Gowen graduated with a B.Sc. in biochemistry from the University of Bristol, U.K., received a Ph.D. in cell biology from the University of Sheffield, U.K., and received an MBA from the Wharton School of the University of Pennsylvania. Dr. Gowen served on the Board of Directors of Human Genome Sciences until the company's acquisition by GSK in July 2012, and she currently serves on the Board of Directors of the Biotechnology Industry Organization (BIO).

Creation of shareholder value in Akebia Therapeutics:

Since appointment as Director: The present value of USD1,000 invested on the appointment date of July 17, 2014 at close price of US\$23.43 is US\$496, for a capital loss of US\$504.

Michael D. Clayman Director

Dr. Clayman is a Co-Founder of Flexion, and has served as President and Chief Executive Officer since the company's inception in 2007. Previously, Dr. Clayman served in senior management positions at Eli Lilly and Company (Lilly), most recently as Vice President, Lilly Research Laboratories, and General Manager of Chorus, Lilly's early-phase development accelerator. Prior to Lilly, Dr. Clayman was an Assistant Professor in the School of Medicine at the University of Pennsylvania, where his research centered on the immunopathogenesis of renal disease. Additionally, Dr. Clayman is the recipient of the Physician Scientist Award from the National Institutes of Health. Dr. Clayman earned a B.A., cum laude, from Yale University and an M.D. from the University of California, San Diego School of Medicine. Following an internship and residency in Internal Medicine at the University of California, San Francisco Moffitt Hospitals, Dr. Clayman completed clinical and research fellowships in nephrology at the University of Pennsylvania.

Creation of shareholder value in Akebia Therapeutics:

Since appointment as Director: The present value of USD1,000 invested on the appointment date of July 28, 2014 at close price of US\$23.44 is US\$495, for a capital loss of US\$505.

Financial Results (Quarterly)

30 September, 2014

INCOME STATEMENT

Currency in Thousand of USD	2014-09-30	2013-09-30	Change %
Operating expenses:			
Research and development	6,648	3,240	Up 105.2
General and administrative	2,936	794	Up 269.8
Total operating expenses	9,584	4,034	Up 137.6
Operating loss	-9,584	-4,034	Deterioration 137.6
Other income (expense):			
Interest income (expense), net	56	28	Up 100.0
Extinguishment of debt and other liabilities			
Reimbursements from Aerpio	180	238	Down 24.4
Net loss	-9,348	-3,768	Deterioration 148.1
Reconciliation of net loss to net loss applicable to common stockholders:			
Net loss	-9,348	-3,768	Deterioration 148.1
Accretion on preferred stock		-2,748	
Net loss applicable to common stockholders	-9,348	-6,516	Deterioration 43.5
Net loss per share applicable to common stockholders-basic and diluted	-47.0c	-1,192.0c	Reduced 96.1
Weighted-average number of common shares used in net loss per share applicable to common stockholders-basic and diluted	19,691,167	546,714	Up 3,501.7

BALANCE SHEET

Currency in Thousand of USD	2014-09-30	2013-12-31	Change %
Assets			
Current assets:			
Cash and cash equivalents	49,668	21,215	Up 134.1
Available for sale securities	68,670	11,341	Up 505.5
Accounts receivable	57	135	Down 57.8
Prepaid expenses and other current assets	1,445	740	Up 95.3
Total current assets	119,840	33,431	Up 258.5
Property and equipment, net	205	30	Up 583.3
Deferred offering costs		1,079	
Other assets	125	125	Steady
Total assets	120,170	34,665	Up 246.7
Liabilities, redeemable convertible preferred stock and stockholders' equity (deficit)			

Financial Results (Quarterly) (continued)

30 September, 2014

Current liabilities:			
Accounts payable	3,032	714	Up 324.6
Accrued expenses	3,490	3,188	Up 9.5
Total current liabilities	6,522	3,902	Up 67.1
Other liabilities	34	8	Up 325.0
Total liabilities	6,556	3,910	Up 67.7
Redeemable convertible preferred stock; 0.00001 par value; 0 and 5,500,636 shares authorized at September 30, 2014 and December 31, 2013, respectively:			
Series A redeemable convertible preferred stock; 0 and 734,538 shares issued and outstanding at September 30, 2014 and December 31, 2013; (Aggregate liquidation preference of 39,367 at December 31, 2013)		39,367	
Series B redeemable convertible preferred stock; 0 and 1,287,525 shares issued and outstanding at September 30, 2014 and December 31, 2013; (Aggregate liquidation preference of 21,031 at December 31, 2013)		21,257	
Series C redeemable convertible preferred stock; 0 and 3,302,885 shares issued and outstanding at September 30, 2014 and December 31, 2013; (Aggregate liquidation preference of 97,203 at December 31, 2013)		97,203	
Total redeemable convertible preferred stock		157,827	
Stockholders' equity (deficit):			
Preferred stock 0.00001 par value, 25,000,000 and 0 shares authorized; 0 shares outstanding at September 30, 2014 and December 31, 2013, respectively			
Common stock: 0.00001 par value; 175,000,000 and 14,700,000 shares issued and outstanding at September 30, 2014 and December 31, 2013, respectively			
Additional paid-in capital	204,048		
Treasury Stock, at cost, 2,553 shares	-79		
Accumulated other comprehensive loss	-52		
Accumulated deficit	-90,303	-127,072	Reduced 28.9
Total stockholders' equity (deficit)	113,614	-127,072	Recovery
Total liabilities, redeemable convertible preferred stock and stockholders' equity (deficit)	120,170	34,665	Up 246.7

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