

Achaogen (AKAO : US\$8.96)

Achaogen continues downtrend, now tumbles 38.2% in third quarter ending

Achaogen Inc, NASDAQ's 34th largest healthcare-products company by market cap, tumbled US\$5.54 (or 38.2%) in the quarter ended September 30 to close at US\$8.96. This loss means the stock is amongst the bottom 5% of NASDAQ-listed stocks in quarter ended September 30. The volume in the quarter was 0.8 times the average trading of 84,425 shares. Compared with the NASDAQ-100 Index which rose 150.2 points (or 3.8%), this represents a relative price change of -42.1%. In the third quarter the market cap declined US\$113 million.

Introduction

We are currently bullish on this stock in the short-term based on technical indicators, but are more bearish in the long-term based on fundamental metrics

There are some reasons why we remain bearish on the stock for the long-term:

- The Q Ratio, defined by James Tobin as MCap divided by Total Assets, is 7.6. Compared with the rest of the market the stock is overvalued and ranks in the bottom 4% of stocks by value of Q Ratio.

Stock Summary

Sector	Healthcare-Products
Market Cap	US\$158.4 million
Shares Outstanding	17,680,647
ISIN	US0044491043
Relative Strength (3 mo)	5

Financial Summary

Year ended	Dec 2013	Dec 2012	Dec 2011
Sales (USD)	18.51M	17.94M	22.47M
Pretax (USD)	(13.11M)	(18.37M)	(20.87M)
Net (USD)	(13.11M)	(18.37M)	(20.87M)
EPS (USD)	(0.83)	(1.16)	(1.32)

MCap: A Historical Perspective

	Share Price (USD)	Market Cap (US\$)
Last	9.0	158.4 million

Analysis

Bullish Signals

- The Stochastic indicator of 8.2 has broken through the oversold line of 20.

Other Bullish Signals:

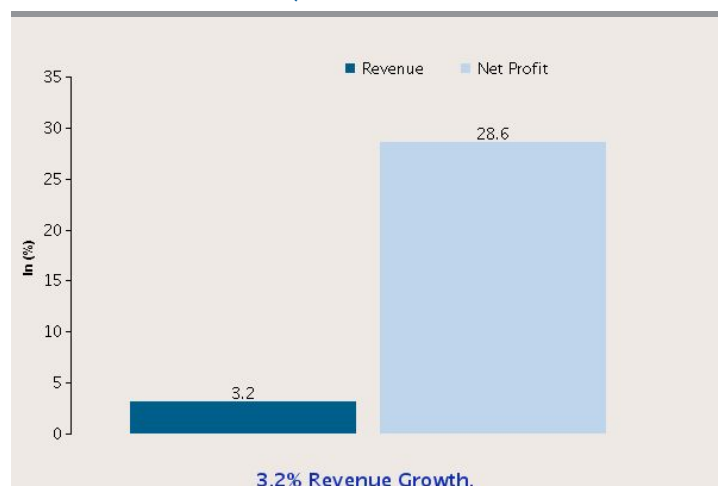
- Revenue growth rate has shown signs of recovery in recent years.

Annual Trend:

[Year ended, all figures in %]:

Year	Revenue Growth
Dec 13	3.2
Dec 12	-20.2

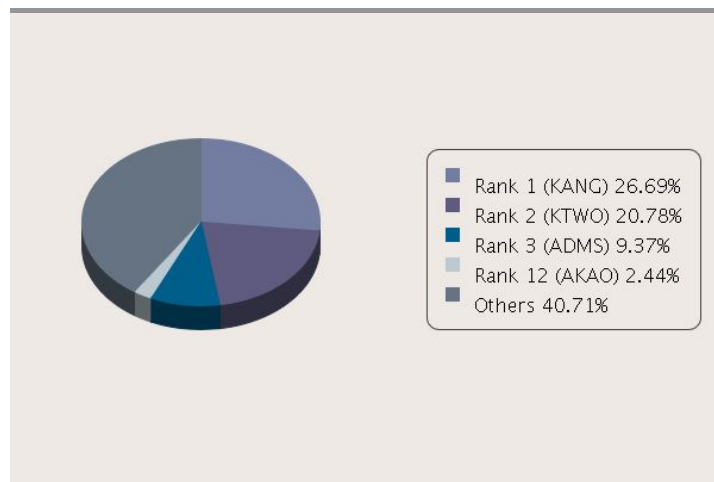
% Growth Y.O.Y, Revenue & Net Profit



Bullish Indicators and Rank in Market:

Description	Value	Rank In Market
Price Change %	11.4	In Top 2%

Revenue Share Healthcare-Products



Bearish Signals

- In the last 14 trading sessions there has been a net decline of 0.67%; the stock has retreated thirteen times and the biggest one day decline was 7.9% on Sep 11.
- In the NASDAQ market of 2,413 stocks traded today, the stock has a 6-month relative strength of 8 indicating it is trailing 92.0% of the market.
- The Moving Average Convergence Divergence (MACD) indicator of 12-day Exponential Moving Average (EMA) of 8.61 minus the 26-day EMA of 9.03 is negative suggesting a bearish signal.
- The current short volume is 2.6 times its own historical average of 0.1%. It climbed 4.7% from the previous day, soared 21.3% from a week ago and soared 40.6% from a month ago, a significant bearish indicator.

Overvaluation:

- The Q Ratio, defined by James Tobin as MCap divided by Total Assets, is 7.6. 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:

- Net Profit margin has been negative in recent quarters.

Quarterly Trend:

[Quarter ended, all figures in %]:

Qtr	Revenue Growth	Net Profit Margin
Jun 14	-13.1	-68.3
Mar 14	-	-57.7

Analysis (continued)

Bearish Indicators and Rank in Market:

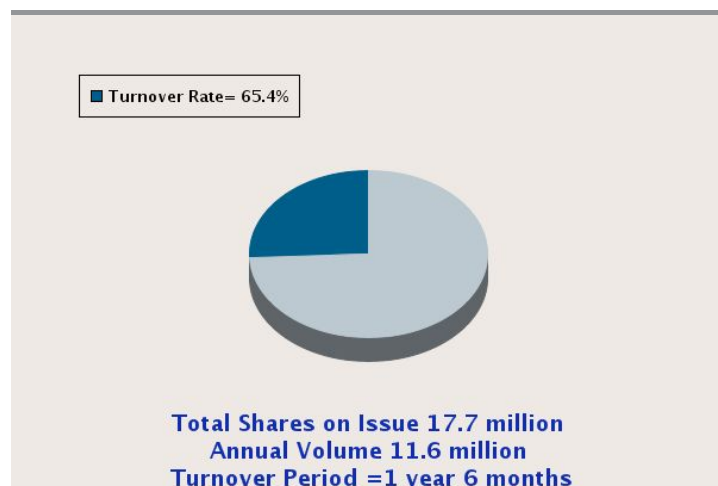
Description	Value	Rank In Market
Annual Revenue	US\$18.5 million	In Bottom Quartile
Relative Strength (6M)	8	In Bottom 7%
Price to Sales	8.6	In Bottom 7%
Volatility %	12.1	In Bottom 3%
Price to Book Value	20.6	In Bottom 3%
Price/MAP50	0.45	In Bottom 2%

Note

Neutral Indicators and Rank in Market:

Description	Value	Rank In Market
Turnover in Quarter	US\$45.9 million	In 3rd Quartile
MCap	US\$158.4 million	In 3rd Quartile

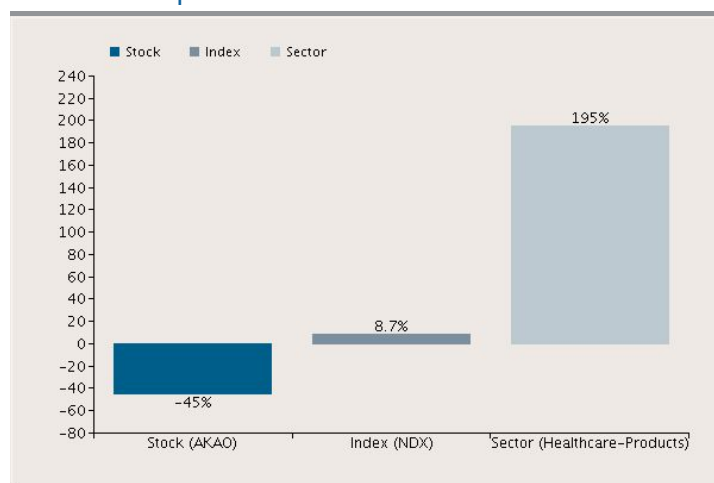
Turnover Rate & Turnover Period



Trailing 3 months

Turnover	US\$45.9 million
Volume	4,364,983
Volume Index (1 is avg)	0.8

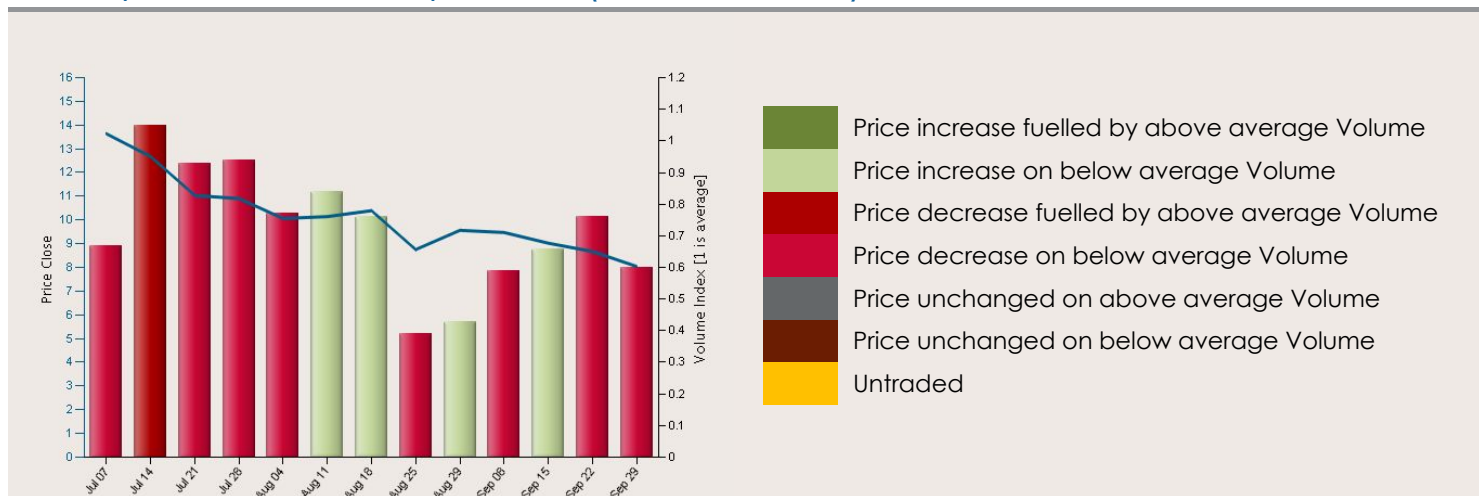
YTD Comparison Stock Sector Index



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
19-Sep-2014	Gabelli	Upgrade	Hold	Buy	-	19

Company Overview

Regulatory Announcements

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

September 18: Isis Pharmaceuticals Earns \$4 Million from Achaogen for the Initiation of a Phase 3 Study of Plazomicin
September 17: Achaogen Announces First Patient Enrollment in a Phase 3 Clinical Trial of Plazomicin to Treat Infections Caused by Carbapenem-Resistant Enterobacteriaceae (CRE)

August 11: Achaogen Announces Second Quarter 2014 Results

July 14: Achaogen Appoints Dr. Ian Friedland as Chief Medical Officer

May 12: Achaogen Announces First Quarter 2014 Results

April 07: Achaogen to Present at 13th Annual Needham Healthcare Conference

April 02: Achaogen appoints Director

Issued Capital

Based on 17,680,647 issued equity shares the market capitalisation is US\$158.4 million. It is NASDAQ's 27th largest Healthcare-Products company by assets.

The top sixteen shareholders hold 26.7% of the issued capital leaving a float of 73.3%.

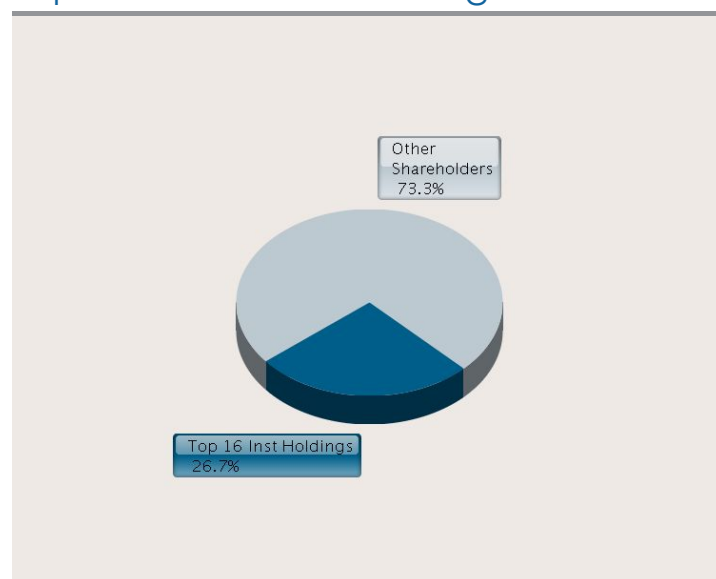
Source

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Top 10 Shareholders

Name of Shareholder	No. of Shares	% Held
Fmr Llc	2,652,097	15
Wellington Management Co Llp	861,000	4.87
Price T Rowe Associates Inc /Md/	387,000	2.19
Axa	167,046	0.94
Blackrock Group Ltd	139,900	0.79
Putnam Investments Llc	123,527	0.7
Vanguard Group Inc	100,000	0.57
Blackrock Inc.	70,900	0.4
Hutchin Hill Capital Lp	65,395	0.37
Iguana Healthcare Management Llc	55,000	0.31
Total	4,621,865	26.14

Top 16 Institutional Holdings



Board and Management

Chris Boerner
Director

Creation of shareholder value in Achaogen:

Since appointment as Director: The present value of USD1,000 invested on the appointment date of April 02, 2014 at close price of US\$16.05 is US\$558, for a capital loss of US\$442.

Financial Results (Quarterly)

30 June, 2014

INCOME STATEMENT

Currency in Thousand of USD	2014-06-30	2013-06-30	Change %
Contract revenue	5,203	4,498	Up 15.7
Operating expenses			
Research and development	6,195	6,945	Down 10.8
General and administrative	2,346	1,759	Up 33.4
Total operating expenses	8,541	8,704	Down 1.9
Loss from operations	-3,338	-4,206	Reduced 20.6
Interest expense	217	308	Down 29.5
Other income (expense), net		204	
Net loss and comprehensive loss	-3,555	-4,310	Reduced 17.5
Basic and diluted net loss per common share	-20.0c	-1,108.0c	Reduced 98.2
Weighted-average common shares outstanding used to calculate basic and diluted net loss per common share	17,690,951	388,927	Up 4,448.7

BALANCE SHEET

Currency in Thousand of USD	2014-06-30	2013-12-31	Change %
Assets			
Current assets:			
Cash and cash equivalents	74,496	10,738	Up 593.8
Contracts receivable	5,276	7,230	Down 27.0
Prepays and other current assets	614	1,873	Down 67.2
Total current assets	80,386	19,841	Up 305.2
Property and equipment, net	615	743	Down 17.2
Restricted cash	127	127	Steady
Deposit and other assets	40	47	Down 14.9
Total assets	81,168	20,758	Up 291.0
Liabilities, convertible preferred stock and stockholders' equity (deficit)			
Current liabilities:			
Accounts payable	2,633	2,923	Down 9.9
Accrued liabilities	2,538	3,004	Down 15.5
Notes payable, current portion		4,989	
Other current liabilities		73	
Total current liabilities	5,171	10,989	Down 52.9
Deferred rent	148	125	Up 18.4
Notes payable, noncurrent portion		1,698	
Other long-term liabilities		244	
Total liabilities	5,319	13,056	Down 59.3
Commitments and contingencies			
Convertible preferred stock, 0.001 par value, zero shares and 132,202,910 shares authorized at June 30, 2014 and December 31, 2013, respectively; zero shares and 9,796,342 shares issued and outstanding at June 30, 2014 and December 31, 2013, respectively		132,278	

Financial Results (Quarterly) (continued)

30 June, 2014

Stockholders' equity (deficit)

Common stock, 0.001 par value, 290,000,000 and 163,000,000 shares 18
authorized at June 30, 2014 and December 31, 2013, respectively;
17,709,950 and 392,844 shares issued and outstanding at June 30,
2014 and December 31, 2013, respectively

Preferred stock, 0.001 par value, 10,000,000 shares and zero shares
authorized at June 30, 2014 and December 31, 2013, respectively;
zero shares issued and outstanding at June 30, 2014 and December
31, 2013, respectively

Additional paid-in-capital	211,565	4,148	Up 5,000.4
Accumulated deficit	-135,734	-128,724	Deterioration 5.4
Total stockholders' equity (deficit)	75,849	-124,576	Recovery
Total liabilities, convertible preferred stock, and stockholders' equity (deficit)	81,168	20,758	Up 291.0

PERFORMANCE RATIOS

	2014-06-30	2013-06-30	Change %
Return on Equity(%)	-9.24	6.47	Deterioration
Return on Assets(%)	-8.64	-38.84	Reduced 77.8

PER SHARE FIGURES

	2014-06-30	2013-06-30	Change %
EPS	-66.0c	-2,110.0c	Reduced 96.9

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