

## Aldeyra Therapeutics (ALDX : US\$3.46)

### Aldeyra Therapeutics plummets 44% in 2014, in bottom 7% of the market

Aldeyra Therapeutics Inc, NASDAQ's 56th largest healthcare-products company by market cap, has now plummeted US\$2.69 (or 43.7%) year to date in 2014 to close at US\$3.46. This loss means the stock has underperformed 94% of NASDAQ-listed stocks in 2014. The volume YTD has been 0.4 times average trading of 12,354 shares. Compared with the NASDAQ-100 Index which has risen 14.6% YTD, this represents a relative price change of -58.3%. In 2014 the market cap has declined US\$12.5 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 5.1. Compared with the rest of the market the stock is overvalued and ranks in the bottom 8% of stocks by value of Q Ratio.
- In the last three months the number of falls outnumbered rises 28:21 or 1.33:1.

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

- The stock is oversold according to the Williams % R indicator of -88.2.
- "Current ratio of two or more"; current assets are 5.4 times current liabilities.

### Stock Summary

<b>Sector</b>	Healthcare-Products
<b>Market Cap</b>	US\$19.3 million
<b>Shares Outstanding</b>	5,565,413
<b>ISIN</b>	US01438T1060
<b>Relative Strength (3 mo)</b>	1

### Financial Summary

Year ended	Dec 2013	Dec 2012	Dec 2011
Pretax (USD)	13.06M	(23.07M)	(2.38M)
Net (USD)	1.11M	(39.13M)	(2.59M)
EPS (USD)	0.18	(6.26)	(0.42)

### MCap: A Historical Perspective

	Share Price (USD)	Market Cap (US\$)
Last	3.5	19.3 million

## Analysis

### Bullish Signals

- The price is at a discount of 11.1% to the 1-month volume weighted average price of US\$3.89, which may appeal as a value proposition.
- In the last 20 trading sessions there has been a net rise of 9.15%; the stock has advanced three times and the biggest one day rise was 5.4% on Aug 04.
- The stock is oversold according to the Williams % R indicator of -88.2.

### Undervaluation:

- The earnings yield of 5.8% is 2.0 times the 10-year bond yield of 2.9%.
- The company is cash rich with Cash to Market Capitalisation at 16.9%.

### Other Bullish Signals:

- Return on Assets and Return on Capital Employed have shown signs of recovery in recent years.

### Annual Trend:

[Year ended, all figures in %]:

Year	ROA	ROCE
Dec 13	29.7	952.1
Dec 12	-1,976.3	-1,394.4

Also, the following criteria set by Benjamin Graham:

- "Current ratio of two or more"; current assets are 5.4 times current liabilities.
- "Total debt equal or less than twice the net quick liquidation value"; total debt of \$US1.5 Million is 0.9 times the net liquidation value of \$US1.74 Million.

### Bullish Indicators and Rank in Market:

Description	Value	Rank In Market
Return on Assets [ROA] %	29.7	In Top 2%
Price Change %	3.3	In Top 8%
Volatility %	0.6	In Top 10%

### Bearish Signals

- The Moving Average Convergence Divergence (MACD) indicator of 12-day Exponential Moving Average (EMA) of 3.72 minus the 26-day EMA of 4.05 is negative suggesting a bearish signal. Both the 12-day EMA as well as the 26-day EMA are falling, another bearish signal.

### Overvaluation:

- The Q Ratio, defined by James Tobin as MCap divided by Total Assets, is 5.1. Compared with the rest of the market the stock is overvalued and ranks in the bottom 8% 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  $\geq 5$ ]:

Positive net income; Total shares on issue unchanged.

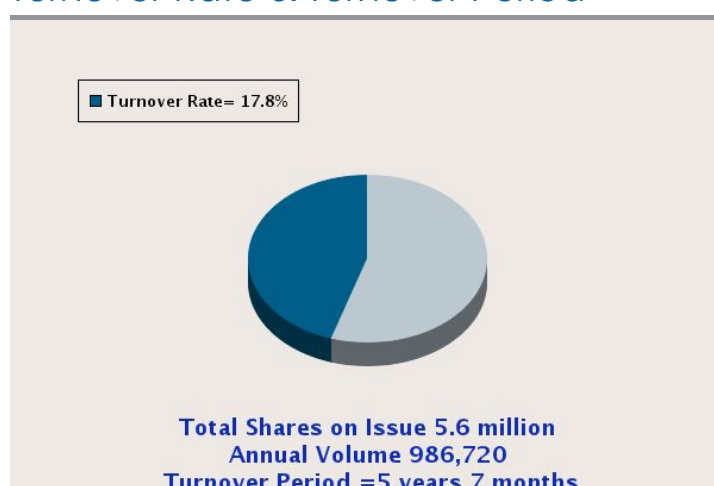
### Bearish Indicators and Rank in Market:

Description	Value	Rank In Market
Turnover in Quarter	US\$4.9 million	In Bottom 8%
MCap	US\$19.3 million	In Bottom 3%
Price/MAP50	0.38	In Bottom 1%

### Insider Trades



### Turnover Rate & Turnover Period



## Analysis (continued)

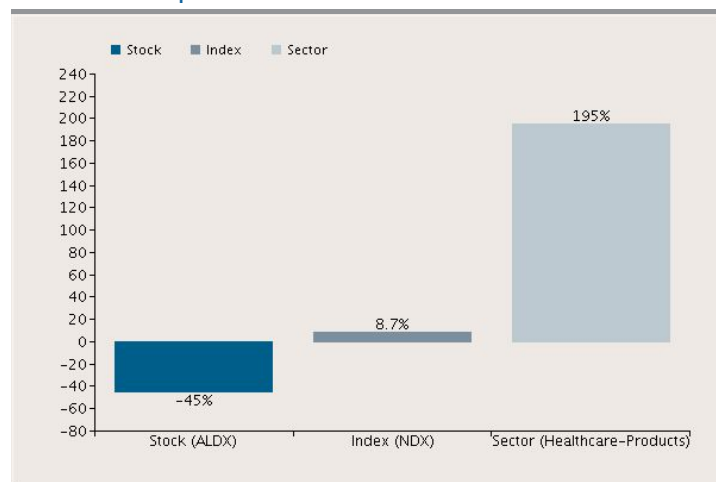
### Trailing 3 months

**Turnover** US\$4.9 million

**Volume** 879,620

**Volume Index (1 is avg)** 1.1

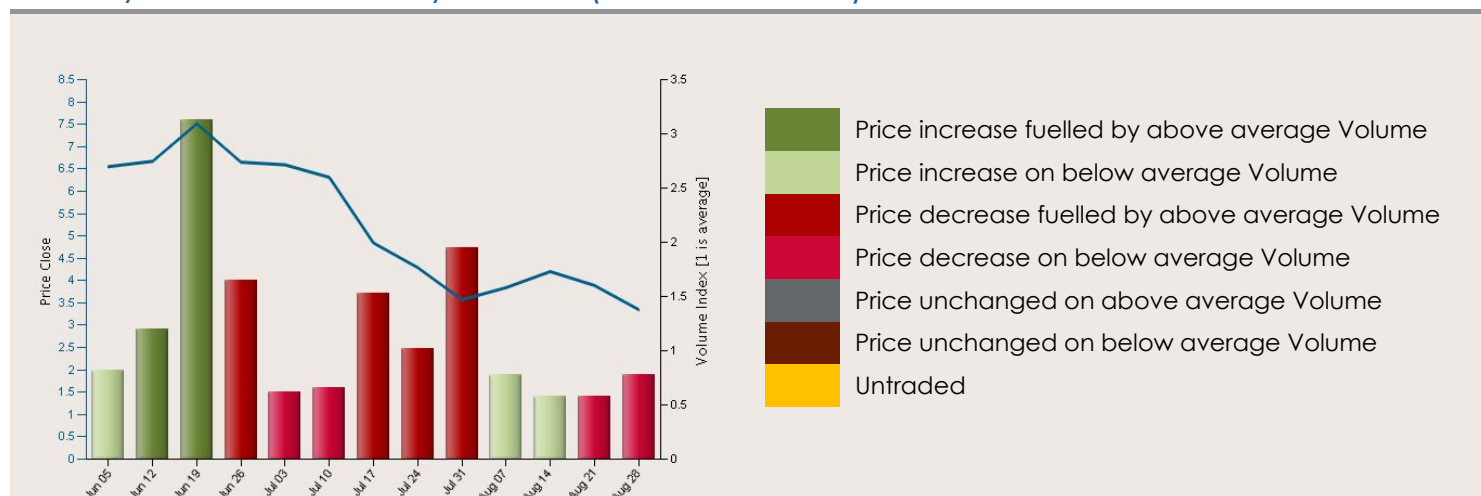
### YTD Comparison Stock Sector Index



## 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-Jun-2014	Aegis	Initiated Coverage	-	Buy	-	35

## Reported Buying Selling by Insiders

Insider	Date	Transaction Type	No. of Shares	Price, US\$	Value, US\$
Joyce Martin Joseph	Aug 07, 2014	Bought	1,000	3.95	3,950
Clarke C. Boyd	Aug 06, 2014	Bought	3,000	3.69	11,070

## Company Overview

### Activities

Aldeyra Therapeutics Inc. develops drugs designed to treat immune-mediated, inflammatory, orphan, and other diseases through capturing and eradicating toxic chemical species within effected patients.

Further details can be found at  
[www.aldeyra.com](http://www.aldeyra.com).

### Regulatory Announcements

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

August 07: Aldeyra Therapeutics insider buys; shares at a seven-day high

August 07: Aldeyra Therapeutics insider buys; shares at a 15-day high

August 04: Aldeyra Therapeutics Reports Second Quarter 2014 Financial Results

July 23: Aldeyra Therapeutics Schedules Webcast and

Conference Call for Second Quarter 2014 Financial Results

June 26: Aldeyra Therapeutics to Join Russell Microcap Index

June 19: Aldeyra Therapeutics will appoint Chief Financial Officer

June 11: Aldeyra Therapeutics Reports First Quarter 2014 Financial Results

**To view 8-K other news for Aldeyra-Therapeutics, [click here](#)**

August 04: Aldeyra Therapeutics: Results of Operations and Financial Condition

### Issued Capital

Based on 5,565,413 issued equity shares the market capitalisation is US\$19.3 million.

## Board and Management

**Todd C. Brady**  
CEO & President

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**Stephen Tulipano**  
CFO

**Creation of shareholder value in Aldeyra Therapeutics:**

Since appointment as CFO: The present value of USD1,000 invested on the appointment date of June 23, 2014 at close price of US\$7.44 is US\$465, for a capital loss of US\$535.

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**Scott L Young**  
Chief Operating Officer

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