

Alder Biopharmaceuticals (ALDR : US\$12.68)

Alder Biopharmaceuticals tumbles 32.2% in third quarter, in bottom 8% of the market

Alder Biopharmaceuticals Inc, NASDAQ's 17th largest healthcare-products company by market cap, tumbled US\$6.02 (or 32.2%) in the quarter ended September 30 to close at US\$12.68. This loss means the stock has underperformed 93% of NASDAQ-listed stocks in quarter ended September 30. The volume in the quarter was 0.8 times the average trading of 137,783 shares. Compared with the NASDAQ-100 Index which rose 150.2 points (or 3.8%), this represents a relative price change of -36.1%. In the third quarter the market cap declined US\$157.2 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 14.6. Compared with the rest of the market the stock is overvalued and ranks in the bottom 1% of stocks by value of Q Ratio.
- In the last three months the number of falls outnumbered rises 27:17 or 1.59:1.

Stock Summary

Sector	Healthcare-Products
Market Cap	US\$390.6 million
Shares Outstanding	30,803,668
ISIN	US0143391052
Relative Strength (3 mo)	7

Financial Summary

Year ended	Dec 2013	Dec 2012	Dec 2011
Sales (USD)	18.8M	20.07M	21.82M
Pretax (USD)	(20.61M)	(17.81M)	(13.32M)
Net (USD)	(20.61M)	(17.81M)	(13.32M)
EPS (USD)	(0.71)	(0.61)	(0.46)

MCap: A Historical Perspective

	Share Price (USD)	Market Cap (US\$)
Last	12.7	390.6 million

Analysis

Bearish Signals

- In the last 20 trading sessions there has been a net decline of 14.32%; the stock has retreated fourteen times and the biggest one day decline was 13.1% on Sep 02.
- The Moving Average Convergence Divergence (MACD) indicator of 12-day Exponential Moving Average (EMA) of 12.76 minus the 26-day EMA of 13.45 is negative suggesting a bearish signal. Both the 12-day EMA as well as the 26-day EMA are falling, another bearish signal.
- The current short volume is 2.2 times its own historical average of 0.1%.

Overvaluation:

- The Q Ratio, defined by James Tobin as MCap divided by Total Assets, is 14.6. Compared with the rest of the market the stock is overvalued and ranks in the bottom 1% 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 %	5.1	In Bottom Quartile
Annual Revenue	US\$18.8 million	In Bottom Quartile
Price Change %	-2.8	In Bottom 9%
P/E * P/NTA	231.38	In Bottom 8%
Price/MAP50	0.52	In Bottom 5%
Price to Sales	20.8	In Bottom 1%

Note

Neutral Indicators and Rank in Market:

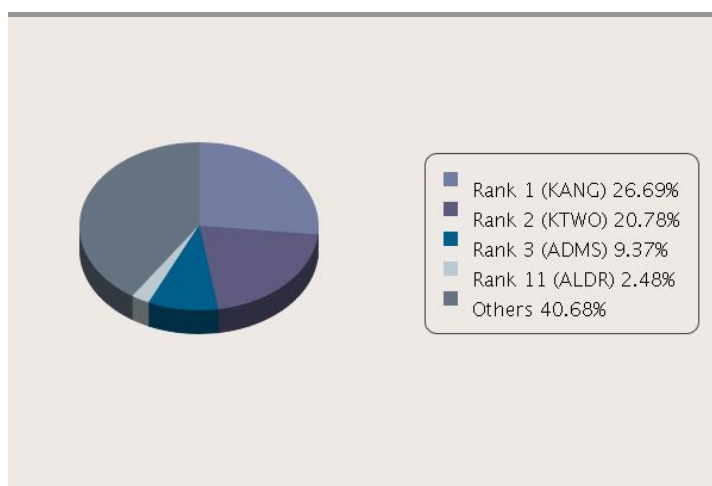
Description	Value	Rank In Market
MCap	US\$390.6 million	In 2nd Quartile
Turnover in Quarter	US\$106.6 million	In 3rd Quartile

Bullish Signals:

- The price is at a discount of 7.3% to the 1-month volume weighted average price of US\$13.68, which may appeal as a value proposition.

Other Bullish Signals:

Revenue Share Healthcare-Products

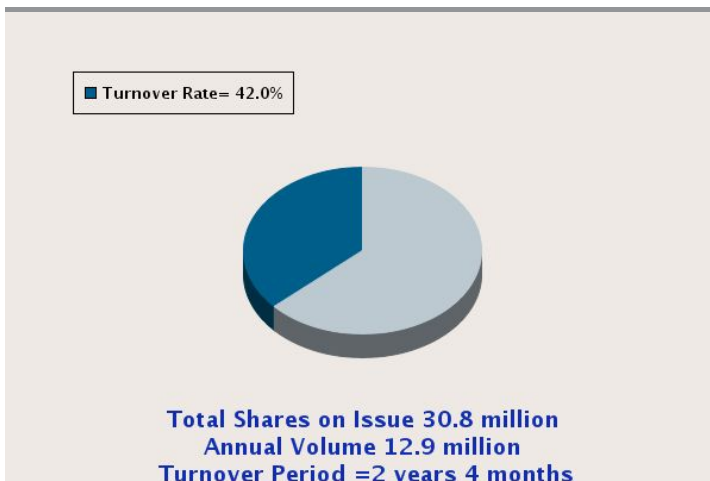


Analysis (continued)

Insider Trades



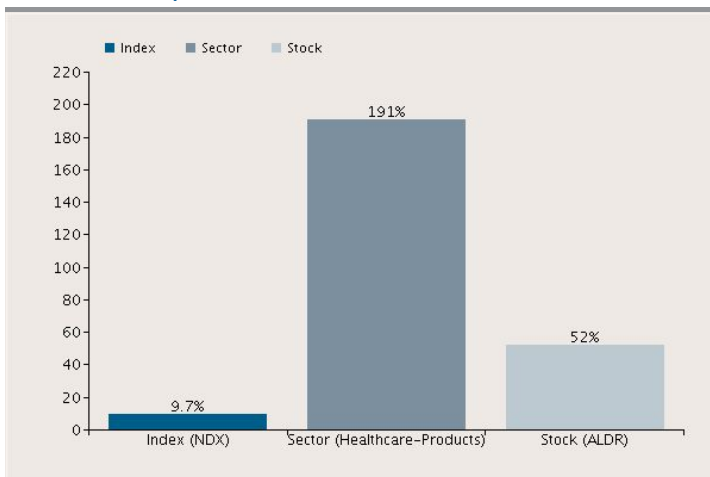
Turnover Rate & Turnover Period



Trailing 3 months

Turnover	US\$106.6 million
Volume	7,317,070
Volume Index (1 is avg)	0.8

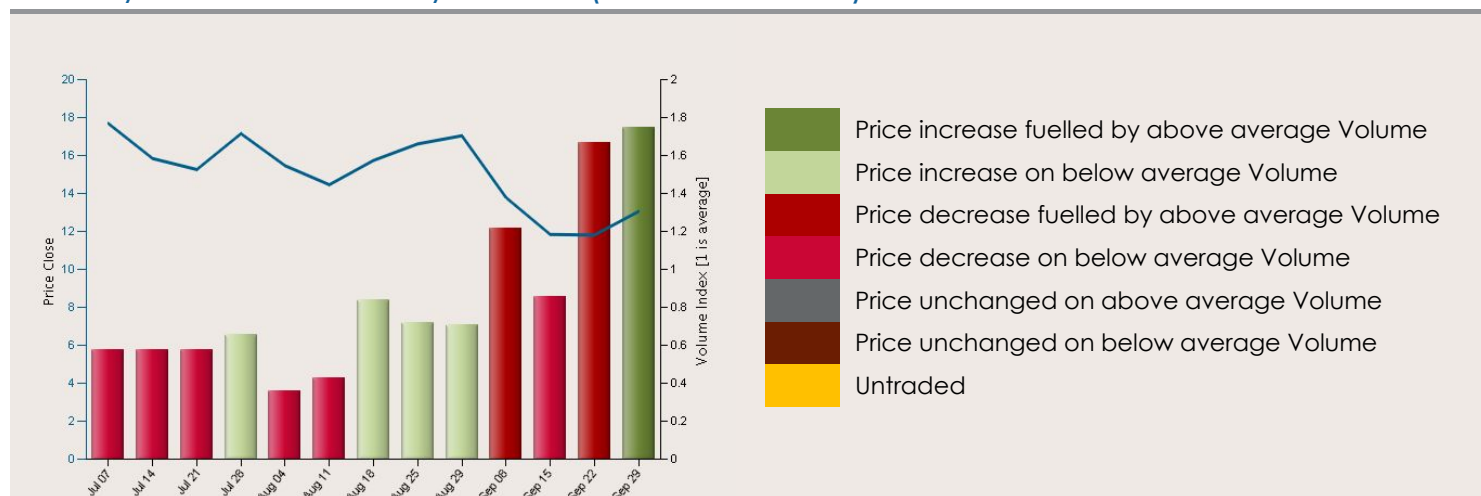
YTD Comparison Stock Sector Index



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
02-Sep-2014	Leerink Swann	Lower Price Target	-	-	26	24

Company Overview

Regulatory Announcements

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

September 02: Alder BioPharmaceuticals Regains Worldwide Rights to Clazakizumab
August 05: Alder BioPharmaceuticals Reports Second Quarter 2014 Financial and Operating Results
July 29: Alder BioPharmaceuticals to Host Conference Call to Discuss Second Quarter 2014 Financial and Operating Results
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

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

September 02: Alder Biopharmaceuticals: Termination of a Material Definitive Agreement
August 05: Alder Biopharmaceuticals: Results of Operations and Financial Condition

Issued Capital

Based on 30,803,668 issued equity shares the market capitalisation is US\$390.6 million. It is NASDAQ's 25th 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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