

## Alder Biopharmaceuticals (ALDR : US\$25.67)

### Alder Biopharmaceuticals sinks 11% in 2015, underperforming 82% of the market

Alder Biopharmaceuticals Inc., NASDAQ's 14th largest Healthcare-Products company by market cap, sank US\$3.33 (or 11.5%) year to date in 2015 to close at US\$25.67. This means the stock has underperformed 82% of NASDAQ-listed stocks in 2015. Compared with the NASDAQ-100 Index which has risen 4.4% YTD, this is a relative price change of -15.9%. The volume YTD has been 1.4 times the average trading of 183,028 shares. In 2015 the market cap has jumped US\$74.6 million.

### Introduction with Trends

**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 15. Compared with the rest of the market the stock is overvalued and ranks in the bottom 1% 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 0.87, a bearish indicator.

**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 -92.4.
- "Current ratio of two or more"; current assets are 12.1 times current liabilities.

### Stock Summary

<b>Sector</b>	Healthcare-Products
<b>Market Cap</b>	US\$967.9 million
<b>Shares Outstanding</b>	37,706,533
<b>ISIN</b>	US0143391052
<b>Relative Strength (3 mo)</b>	13

### Financial Summary

Year ended	Dec 2014	Dec 2013	Dec 2012
Sales (USD M)	54.9	19	20.1
Pretax (USD)	-	-	(17.8M)
Net (USD M)	8.9	(20.6)	(17.8)
EPS (USD)	0.3	(21.14)	(0.61)

### MCap: A Historical Perspective

	Share Price (USD)	Market Cap (US\$)
Last	25.7	967.9 million

## Analysis

### Bearish Signals

- Falls to Rises: In the last three months the number of falls outnumbered rises 34:29 or 1.17:1.
- In the last 18 trading sessions there has been a net decline of 11.94%; the stock has retreated twelve times and the biggest one day decline was 6% on Apr 15.
- The Moving Average Convergence Divergence (MACD) indicator of 12-day Exponential Moving Average (EMA) of 27.07 minus the 26-day EMA of 27.29 is negative suggesting a bearish signal. Both the 12-day EMA as well as the 26-day EMA are falling, another bearish signal.
- The Price/MAP of 0.87 for ALDR is lower than the Price/MAP for the NASDAQ-100 Index of 0.9.
- The price to 200-day MAP ratio is 0.87, a bearish indicator.
- The stock traded at a two-month low of US\$25.30 today.
- In the NASDAQ Short Selling market of 2397 stocks, short selling as a % of issued shares ranked 390th and within the top quartile of stocks. This means it was higher than market average of 0.34%, a bearish indicator.
- The current short volume is 2.4 times its own historical average of 0.2%.

### Overvaluation:

- The earnings yield of 0.9% below 10-year bond yield of 1.86%.
- Price/Sales of 17.65 versus sector average of 1.8 and market average of 2.4. We estimate the shares are trading at a current year Price/Sales of 9.2 and a forward year Price/Sales of 4.8.
- The Q Ratio, defined by James Tobin as MCap divided by Total Assets, is 15. 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:

The stock has a score of merely 3 out of 9 set by Joseph Piotroski [pass mark  $\geq 5$ ]:

Positive net income; improvement in current ratio from 1.1 to 12.1; improvement in asset turnover [growth in revenue of 188.7% exceeded growth in assets of 140.7%].

### Bearish Indicators and Rank in Market:

Description	Value	Rank In Market
Price/MAP50	0.69	In Bottom Quartile
Volatility %	7.5	In Bottom Quartile
Price to Book Value	16.4	In Bottom 6%
Price Change %	-4.9	In Bottom 3%
Price to Sales	17.6	In Bottom 1%

### Note

### Neutral Indicators and Rank in Market:

Description	Value	Rank In Market
MCap	US\$967.9 million	In 2nd Quartile
Turnover in Quarter	US\$377.5 million	In 2nd Quartile

### Bullish Signals:

- The price is at a discount of 6.8% to the 1-month volume weighted average price of US\$27.54, which may appeal as a value proposition.
- In the NASDAQ market of 2,406 stocks and 1 unit traded today, the stock has a 6-month relative strength of 98 which means it is beating 98% of the market.
- The stock is oversold according to the Williams % R indicator of -92.4.

### Other Bullish Signals:

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



Also, the following criteria set by Benjamin Graham:

- "Current ratio of two or more"; current assets are 12.1 times current liabilities.

## Analysis (continued)

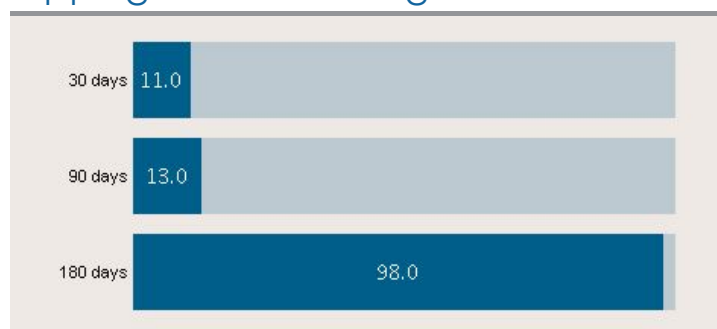
### Bullish Indicators and Rank in Market:

Description	Value	Rank In Market
Relative Strength (6M)	98	In Top 3%
Return on Assets [ROA] %	13.8	In Top 10%
Return on Equity [ROE] %	15.1	In Top Quartile

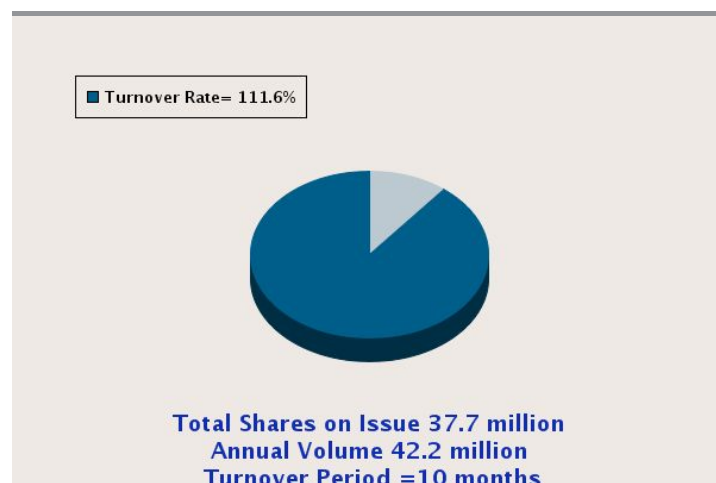
### Insider Trades



### Slipping Relative Strength



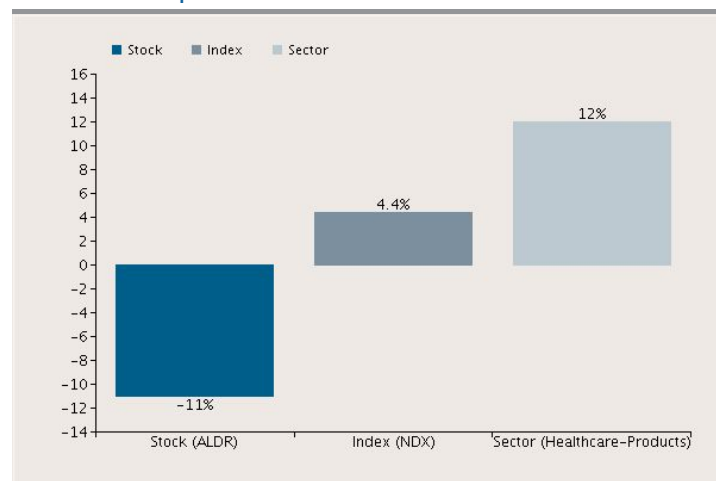
### Turnover Rate & Turnover Period



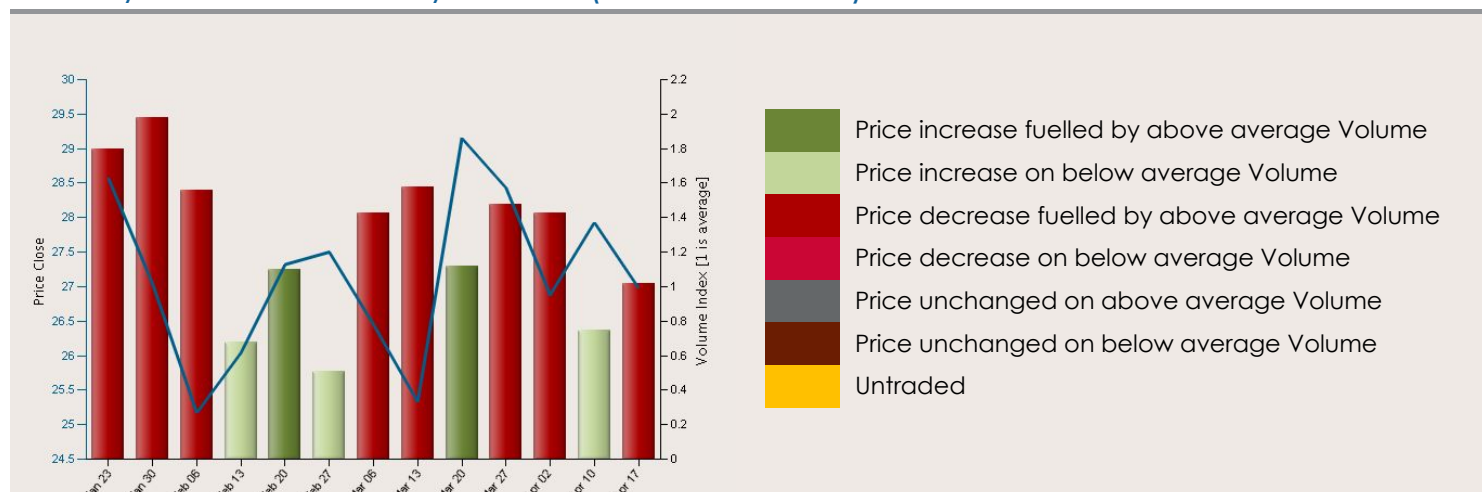
### Trailing 3 months

Turnover	US\$377.5 million
Volume	13,895,528
Volume Index (1 is avg)	1.2

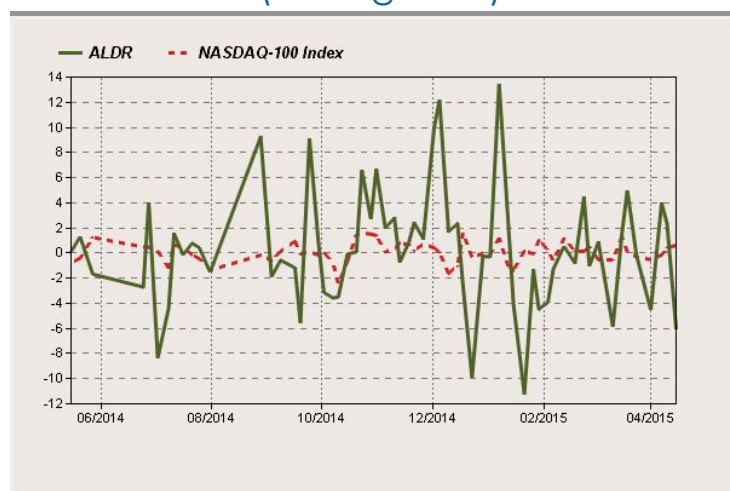
### YTD Comparison Stock Sector Index



## Weekly Price Volume Dynamics (Last 12 Weeks)



## Stock v Index (Trailing Year)



## Price/Moving Average Price [P/MAP]



## Peer Group Analysis

Name	Last Price	Relative strength (6-months)	MCap (USD)	PV \$1000 (1 yr)	Revenue (USD)	Net Profit (USD)	Total Assets (USD)
iKang Healthcare Group	US\$16.95	20	1.1B	1,244	202.5M	(6.1M)	250.2M
Avalanche Biotechnologies	US\$39.52	78	996.8M	0	480,000	(5.3M)	1.1M
Zafgen	US\$36.56	98	974.3M	0		(28.2M)	90.6M
Alder Biopharmaceuticals	US\$25.67	98	967.9M	0	54.9M	8.9M	64.4M
K2M Group Holdings	US\$23.58	91	930.6M	0	181.9M	(52.8M)	302.6M
ZS Pharma	US\$39.87	59	830M	0		(64.4M)	116.2M
Vital Therapies	US\$27.22	95	649.1M	0		(56.8M)	108.1M

## Recent Analyst Recommendations

Date	Brokerage	Action	Past Rating	Current Rating	Prev Target	Price Target
05-Mar-2015	Leerink Swann	Boost Price Target	-	Outperform	24	31

## Reported Selling by Insiders

Insider	Date	Transaction Type	No. of Shares	Price, US\$	Value, US\$
Latham John A	Apr 01, 2015	Sold	4,545	27.42	124,609
Latham John A	Mar 30, 2015	Sold	14,500	30.2	437,909
Latham John A	Mar 02, 2015	Sold	4,545	26.26	119,340
Smith Jeffrey T L	Mar 02, 2015	Sold	3,900	26.25	102,357
Schatzman Randall C	Jan 26, 2015	Sold	36,422	27.93	1,017,234
Smith Jeffrey T L	Jan 26, 2015	Sold	2,700	27.89	75,316
Smith Jeffrey T L	Jan 27, 2015	Sold	1,200	28.27	33,921
Litton Mark James	Jan 27, 2015	Sold	2,300	28.52	65,602
Latham John A	Jan 27, 2015	Sold	7,145	28.73	205,278
Latham John A	Jan 26, 2015	Sold	7,900	27.98	221,008

## Company Overview

### Activities

Alder Biopharmaceuticals Inc. provides pharmaceutical products and services. The Company identifies, develops, and manufactures antibody therapeutics to alleviate human suffering in cancer, pain, cardiovascular, and autoimmune and inflammatory disease areas. Alder Biopharmaceuticals operates in the United States.

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

Economic Sector

Healthcare

### Regulatory Announcements

#### Financial Results

##### March 05: Alder BioPharmaceuticals Reports Fourth Quarter and Year-End 2014 Financial and Operating Results

[News Story] BOTHELL, Wash., March 4, 2015 -- Alder BioPharmaceuticals, Inc. ("Alder") (Nasdaq:ALDR), a clinical-stage biopharmaceutical company developing monoclonal antibody therapeutics for the treatment of migraine, autoimmune and inflammatory diseases, today provided recent corporate highlights and reported its financial results for the fourth quarter and full year ended December 31, 2014.

"2014 was a very exciting year for Alder as we became a public company in May and advanced our lead clinical candidate, ALD403, into a Phase 2b trial for the preventative treatment of chronic migraine," said Randall C.

[For more details click here.](#)

#### Conferences/Exhibitions

##### February 25: Events Calendar: Alder BioPharmaceuticals to Host Conference Call to Discuss Fourth Quarter and Full Year 2014 Financial and Operating Results

[News Story] BOTHELL, Wash., Feb. 25, 2015 Alder BioPharmaceuticals, Inc. ("Alder") (Nasdaq:ALDR), a clinical-stage biopharmaceutical company developing monoclonal antibody therapeutics for the treatment of migraine, autoimmune and inflammatory diseases, today announced that it will report its fourth quarter and full year 2014 financial and operating results after the close of U.S.

[For more details click here.](#)

#### Conferences/Exhibitions

##### February 05: Events Calendar: Alder BioPharmaceuticals to Present at 2015 Leerink Global Healthcare Conference

BOTHELL, Wash., Feb. 5, 2015 (GLOBE NEWSWIRE) -- Alder BioPharmaceuticals, Inc. (Nasdaq:ALDR), a clinical-stage biopharmaceutical company developing monoclonal antibody therapeutics for the treatment of migraine, autoimmune and inflammatory diseases, today announced that Randall C. Schatzman, Ph.D., Chief Executive Officer, will discuss Alder in a fireside chat at the 2015 Leerink Global Healthcare Conference on Thursday, February 12, 2015 at 10:20 a.m.

[For more details click here.](#)

#### Directors Option Buying

##### January 28: Alder BioPharmaceuticals Insider awarded Stock Options

Alder BioPharmaceuticals (NASDAQ:ALDR) Insider Benedict Larry, has been awarded Stock Options on 30,000 shares at an exercise price of US\$28.23. The transaction date was January 26, 2015. The shares last traded at US\$28.08.

#### Directors Option Buying

##### January 28: Alder BioPharmaceuticals Insider awarded Stock Options

Alder BioPharmaceuticals (NASDAQ:ALDR) Insider Hassler Randal, has been awarded Stock Options on 30,000 shares at an exercise price of US\$28.23. The transaction date was January 26, 2015. The shares last traded at US\$28.08.

##### January 22: Alder BioPharmaceuticals Announces Exercise in Full of Option to Purchase Additional Shares

[News Story] BOTHELL, Wash., Jan. 22, 2015 Alder BioPharmaceuticals, Inc. (Nasdaq:ALDR), a clinical-stage biopharmaceutical company, announced today that the underwriters of its previously announced public offering of common stock have exercised in full their option to purchase an additional 900,000 shares of common stock.

[For more details click here.](#)

##### January 22: Alder BioPharmaceuticals Announces Exercise in Full of Option to Purchase Additional Shares

[Company Release] <http://www.alderbio.com/wp-content/uploads/2015/01/Alder-Exercise-in-Full-of-Option-to-Purchase-Additional-Shares.pdf>

Source: Company Website

[For more details click here.](#)



## Company Overview (continued)

### 8-K people news

#### **April 17: Clay B. Siegall - Alder Biopharmaceuticals updates director's profile 17 April 2015**

Alder Biopharmaceuticals recently released their definitive SEC filing DEF 14A. The updated profile of Clay B. Siegall (54), Director is shown below. Clay B. Siegall, Ph.D. Dr. Siegall has served as a member of our Board of Directors since November 2005. In 1998, Dr. Siegall co-founded Seattle Genetics, Inc. and currently serves as its President, Chief Executive Officer and Chairman of the Board of Directors. From 1991 to 1997, Dr. Siegall was with the Bristol-Myers Squibb Pharmaceutical Research Institute and the National Cancer Institute, National Institutes of Health from 1988 to 1991. In addition to Seattle Genetics, Dr. Siegall currently serves on the board of directors of Ultragenyx Pharmaceutical Inc. Dr. Siegall holds a Ph.D. in Genetics from George Washington University and a B.S. in Zoology from the University of Maryland.

#### **April 17: Peter Bisgaard - Alder Biopharmaceuticals updates director's profile 17 April 2015**

Alder Biopharmaceuticals recently released their definitive SEC filing DEF 14A. The updated profile of Peter Bisgaard (41), Director is shown below. Peter Bisgaard. Mr. Bisgaard has served as a member of our Board of Directors since April 2012. Since 2009, Mr. Bisgaard has been employed as a Partner at Novo Ventures (US) Inc., which provides certain consultancy services to Novo A/S, a Danish limited liability company. From 2001 to 2009, he was employed as a Partner in Novo A/S. From 1998 to 2001, Mr. Bisgaard served as a consultant with McKinsey & Co., a management consulting firm, where he focused on strategy development, mergers, acquisitions and alliances in various industries. Mr. Bisgaard currently serves on the board of directors of Nevro Corp., a publicly-held medical device company, and Otonomy Inc., a publicly-held biopharmaceutical company, and on numerous private company boards of directors. Mr. Bisgaard holds an M.Sc. from the Technical University of Denmark and has a post-graduate degree in Mathematical Modeling in Economics by the European Consortium for Mathematics in the Industry.

#### **April 17: Deepa R. Pakianathan - Alder Biopharmaceuticals updates director's profile 17 April 2015**

Alder Biopharmaceuticals recently released their definitive SEC filing DEF 14A. The updated profile of Deepa R. Pakianathan (50), Director is shown below. Deepa R. Pakianathan, Ph.D. Dr. Pakianathan has served as a member of our Board of Directors since December 2007. Since 2001, Dr. Pakianathan has served as a Managing Member at Delphi Ventures, a venture capital firm focused on medical device and biotechnology investments. From 1998 to 2001, Dr. Pakianathan served as a Vice President in the healthcare group at JP Morgan Chase & Company, where she was involved in healthcare merger and acquisition transactions and public offerings for biotechnology companies. Dr. Pakianathan currently serves on the board of directors of Alexza Pharmaceuticals, Inc., Oncomed Pharmaceuticals, Inc. Calithera Biosciences, Inc. and Karyopharm Therapeutics, Inc. Dr. Pakianathan holds a Ph.D. and an M.S. from Wake Forest University, a B.Sc. from the University of Bombay, India and an M.Sc. from The Cancer Research Institute at the University of Bombay, India.

#### **April 17: Steve Dow - Alder Biopharmaceuticals updates chairman's profile 17 April 2015**

Alder Biopharmaceuticals recently released their definitive SEC filing DEF 14A. The updated profile of Steve Dow (59), Chairman is shown below. Stephen M. Dow. Mr. Dow has served as a member of our Board of Directors since April 2005 and as our chairperson since September 2005. Mr. Dow has served as a General Partner with Sevin Rosen Funds, a venture capital firm, since 1983. During his time with Sevin Rosen Funds, Mr. Dow has served as a director on numerous boards of directors, both public and private. Mr. Dow currently serves on the board of directors of Citrix Systems Inc. and he previously served on the board of directors of Cytokinetics, Inc. from 1998 to 2013. Mr. Dow holds an M.B.A. and a B.A. in Economics from Stanford University.

## Company Overview (continued)

### April 17: Gary Bridger - Alder Biopharmaceuticals updates director's profile 17 April 2015

Alder Biopharmaceuticals recently released their definitive SEC filing DEF 14A. The updated profile of Gary Bridger (52), Director is shown below. Gary Bridger, Ph.D. Dr. Bridger has served as a member of our Board of Directors since November 2013. Since January 2013, Dr. Bridger has served as the Executive Vice President of Research and Development at Xenon Pharmaceuticals Inc., a biopharmaceutical company. Dr. Bridger serves as a Managing Director at Five Corners Capital Inc., which has been appointed to manage the remaining portfolio of biotechnology and technology investments of Ventures West Capital Management, a venture capital firm. Dr. Bridger served as a venture partner for Ventures West from June 2010 to June 2012. From November 2006 to December 2007, Dr. Bridger served as Senior Vice President of Research and Development at Genzyme Corporation, a biotechnology company, which was acquired by Sanofi, S.A. Dr. Bridger co-founded AnorMED Inc. in 1996 and served as its Chief Scientific Officer at the time of its acquisition by Genzyme Corporation in 2006. Dr. Bridger currently serves on the board of directors of Aquinox Pharmaceuticals, Inc. and on numerous private company boards of directors. Dr. Bridger also serves on the Scientific Advisory Board of Alektos Therapeutics Inc. Dr. Bridger holds a Ph.D. in Organic Chemistry from the University of Manchester Institute of Science and Technology.

### April 17: Heather Preston - Alder Biopharmaceuticals updates director's profile 17 April 2015

Alder Biopharmaceuticals recently released their definitive SEC filing DEF 14A. The updated profile of Heather Preston (49), Director is shown below. Heather Preston, M.D. Dr. Preston has served as a member of our Board of Directors since December 2007. Since 2005, Dr. Preston has served as a Managing Director at TPG BioTech, a biotechnology venture capital firm. Prior to joining TPG BioTech, Dr. Preston served for two years as a medical device and biotechnology venture capital investor at JP Morgan Partners, LLC, a private equity firm. Prior to that, she was an Entrepreneur-in-Residence at New Enterprise Associates, a venture capital firm. From 1997 to 2002, Dr. Preston served as a leader of the pharmaceutical and medical products consulting practice at McKinsey & Co. in New York. Dr. Preston currently serves on the board of directors of Otonomy and on numerous private company boards of directors. Dr. Preston holds an M.D. from the University of Oxford and a B.S. in biochemistry from the University of London.

### April 17: A. Bruce Montgomery - Alder Biopharmaceuticals updates director's profile 17 April 2015

Alder Biopharmaceuticals recently released their definitive SEC filing DEF 14A. The updated profile of A. Bruce Montgomery (61), Director is shown below. A. Bruce Montgomery, M.D. Dr. Montgomery has served as a member of our Board of Directors since October 2010. In 2010, Dr. Montgomery founded Cardeas Pharma and currently serves as its Chief Executive Officer. In 2001, he founded Corus Pharma and served as its Chief Executive Officer from 2001 through its acquisition in 2006 by Gilead Sciences. He continued on at Gilead post-acquisition until 2010 and served as Senior Vice President and Head of Respiratory Therapeutics, where he successfully led the approval of Cayston (aztreonam) as a treatment for cystic fibrosis patients. From 1993 to 2000, Dr. Montgomery held positions within the research and development group of PathoGenesis Corporation, a biotechnology company. From 1989 to 1993, Dr. Montgomery worked at Genentech, Inc., a biotechnology company. Dr. Montgomery currently serves on the board of directors of CytoDyn Inc., and he previously served on the board of directors of ZymoGenetics, Inc. from 2009 to 2010. Dr. Montgomery holds an M.D. and a B.S. in Chemistry from the University of Washington.

### April 17: Randall C. Schatzman - Alder Biopharmaceuticals updates CEO and president's profile 17 April 2015

Alder Biopharmaceuticals recently released their definitive SEC filing DEF 14A. The updated profile of Randall C. Schatzman (60), CEO and President is shown below. Randall C. Schatzman, Ph.D. Dr. Schatzman has served as our President, Chief Executive Officer and director since he co-founded the company, which commenced operations in January 2004. From 1999 to 2004, Dr. Schatzman served as Senior Vice President of Discovery Research at Celltech R&D, Inc., a wholly-owned subsidiary of Celltech Group plc, a biopharmaceutical company, where he led a group of scientists responsible for much of the therapeutic antibody pipeline for Celltech. From 1995 to 1999, Dr. Schatzman served as Director of Gene Discovery at Mercator Genetics Inc., a genomics company. From 1987 to 1995, Dr. Schatzman served as Section Leader at Roche Bioscience, previously Syntex Corp., a subsidiary of Roche Holdings Ltd., a biotechnology company, where he helped found the Cancer and Developmental Biology Institute. Dr. Schatzman holds a Ph.D. in Molecular Pharmacology from Emory University and a B.S. in Biochemistry from Purdue University.

## 8-K other news

### March 04: Alder Biopharmaceuticals: Results of Operations and Financial Condition

[News Story]

[http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=\\_Archives\\_edgar\\_data\\_1423824\\_000156459015001289\\_0001564590-15-001289.txt](http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1423824_000156459015001289_0001564590-15-001289.txt)

Source: 8-K United States Securities and Exchange Commission



## Company Overview (continued)

### November 03: Alder Biopharmaceuticals: Results of Operations and Financial Condition

[News Story]

[http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=\\_Archives\\_edgar\\_data\\_1423824\\_000156459014004873\\_0001564590-14-004873.txt](http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1423824_000156459014004873_0001564590-14-004873.txt)

Source: 8-K United States Securities and Exchange Commission

### September 02: Alder Biopharmaceuticals: Termination of a Material Definitive Agreement

[News Story]

[http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=\\_Archives\\_edgar\\_data\\_1423824\\_000119312514329259\\_0001193125-14-329259.txt](http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1423824_000119312514329259_0001193125-14-329259.txt)

Source: 8-K United States Securities and Exchange Commission

### August 05: Alder Biopharmaceuticals: Results of Operations and Financial Condition

[News Story]

[http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=\\_Archives\\_edgar\\_data\\_1423824\\_000156459014003143\\_0001564590-14-003143.txt](http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1423824_000156459014003143_0001564590-14-003143.txt)

Source: 8-K United States Securities and Exchange Commission

## Sector Sorting

For Company searches, or for sorting by Stocks and variables, an interactive version of today's Table is available [here](#)

## Issued Capital

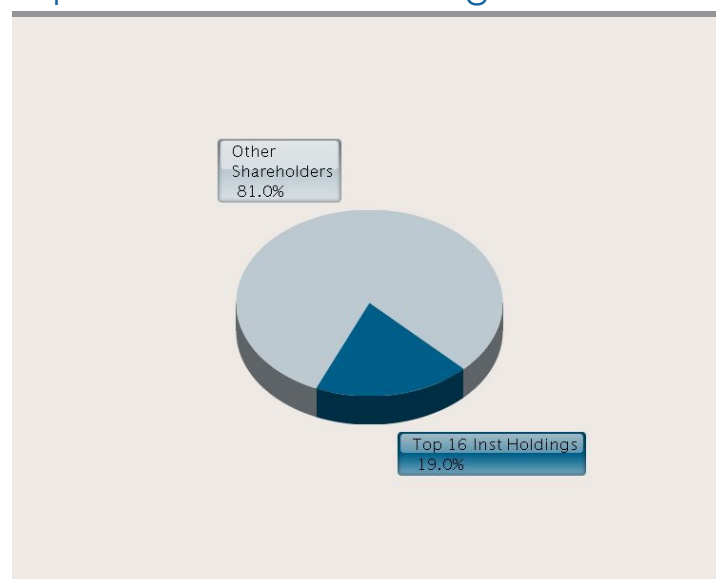
Based on 37,706,533 issued equity shares the market capitalisation is US\$967.9 million. It is NASDAQ's 33rd largest Healthcare-Products company by assets.

The top sixteen shareholders hold 19.0% of the issued capital leaving a float of 81.0%.

### Top 10 Shareholders

Name of Shareholder	No. of Shares	% Held
Novo A/S	3,201,183	8.49
Jennison Associates Llc	1,183,908	3.14
Blackrock Fund Advisors	583,582	1.55
Blackrock Advisors Llc	398,942	1.06
Partner Fund Management L.P.	329,948	0.88
Cormorant Asset Management Llc	250,000	0.66
Vanguard Group Inc	233,730	0.62
Goldman Sachs Group Inc	212,349	0.56
Pointstate Capital Lp	175,000	0.46
Blackrock Group Ltd	144,700	0.38
<b>Total</b>	<b>6,713,342</b>	<b>17.8</b>

### Top 16 Institutional Holdings



## Board and Management

### Heather Preston Director

Heather Preston, M.D. Dr. Preston has served as a member of our Board of Directors since December 2007. Since 2005, Dr. Preston has served as a Managing Director at TPG BioTech, a biotechnology venture capital firm. Prior to joining TPG BioTech, Dr. Preston served for two years as a medical device and biotechnology venture capital investor at JP Morgan Partners, LLC, a private equity firm. Prior to that, she was an Entrepreneur-in-Residence at New Enterprise Associates, a venture capital firm. From 1997 to 2002, Dr. Preston served as a leader of the pharmaceutical and medical products consulting practice at McKinsey & Co. in New York. Dr. Preston currently serves on the board of directors of Otonomy and on numerous private company boards of directors. Dr. Preston holds an M.D. from the University of Oxford and a B.S. in biochemistry from the University of London.

### John A. Latham Chief Scientific Officer

From 1998 to 2004, Dr. Latham served as a director, senior director, and most recently as Vice President of Gene Function and Target Validation for Celltech Group plc. In 1994, Dr. Latham joined Darwin Molecular Corporation, a first-generation gene-to-drug biotechnology company, as a founding director, where he served from 1994 to 1998. Dr. Latham was one of the early scientists hired by Gilead Sciences, Inc., a biopharmaceutical company, and, from 1989 to 1994, he was a member of a core group established to exploit novel oligonucleotide-based technologies. Dr. Latham holds a Ph.D. in Biochemistry from Massachusetts Institute of Technology and a B.S. in Chemistry from Colorado State University.

### Mark J. Litton Treasurer & Chief Business Officer

From 1999 to 2004, Dr. Litton served as Vice President of Business Development for Celltech Group, where he was responsible for securing, commercializing and partnering numerous novel discoveries and therapeutic opportunities. In 1999, Dr. Litton joined Celltech Group as an employee of Chiroscience Group plc and was later promoted to Vice President Business Development after Chiroscience's merger with Celltech Group in 1999. From 1997 to 1999, Dr. Litton served as the Manager of Business Development for Ribozyme Pharmaceuticals Inc., currently Sirna Therapeutics, Inc., a biopharmaceutical company, where he helped form relationships with Eli Lilly and Company, Roche Bioscience and GlaxoWellcome plc, currently GlaxoSmithKline plc, a biopharmaceutical company. From 1991 to 1994, Dr. Litton served as a research associate for DNAX Research Institute, a research facility of Schering-Plough, now Merck & Co., a publicly traded pharmaceutical company. Dr. Litton holds a Ph.D. in Immunology from Stockholm University, an M.B.A. from Santa Clara University and a B.S. in Biochemistry from the University of California, Santa Cruz.

### A. Bruce Montgomery Director

A. Bruce Montgomery, M.D. Dr. Montgomery has served as a member of our Board of Directors since October 2010. In 2010, Dr. Montgomery founded Cardeas Pharma and currently serves as its Chief Executive Officer. In 2001, he founded Corus Pharma and served as its Chief Executive Officer from 2001 through its acquisition in 2006 by Gilead Sciences. He continued on at Gilead post-acquisition until 2010 and served as Senior Vice President and Head of Respiratory Therapeutics, where he successfully led the approval of Cayston (aztreonam) as a treatment for cystic fibrosis patients. From 1993 to 2000, Dr. Montgomery held positions within the research and development group of PathoGenesis Corporation, a biotechnology company. From 1989 to 1993, Dr. Montgomery worked at Genentech, Inc., a biotechnology company. Dr. Montgomery currently serves on the board of directors of CytoDyn Inc., and he previously served on the board of directors of ZymoGenetics, Inc. from 2009 to 2010. Dr. Montgomery holds an M.D. and a B.S. in Chemistry from the University of Washington.

### Randall C. Schatzman CEO & President

Randall C. Schatzman, Ph.D. Dr. Schatzman has served as our President, Chief Executive Officer and director since he co-founded the company, which commenced operations in January 2004. From 1999 to 2004, Dr. Schatzman served as Senior Vice President of Discovery Research at Celltech R&D, Inc., a wholly-owned subsidiary of Celltech Group plc, a biopharmaceutical company, where he led a group of scientists responsible for much of the therapeutic antibody pipeline for Celltech. From 1995 to 1999, Dr. Schatzman served as Director of Gene Discovery at Mercator Genetics Inc., a genomics company. From 1987 to 1995, Dr. Schatzman served as Section Leader at Roche Bioscience, previously Syntex Corp., a subsidiary of Roche Holdings Ltd., a biotechnology company, where he helped found the Cancer and Developmental Biology Institute. Dr. Schatzman holds a Ph.D. in Molecular Pharmacology from Emory University and a B.S. in Biochemistry from Purdue University.

## Board and Management (continued)

### **Peter Bisgaard** **Director**

Peter Bisgaard. Mr. Bisgaard has served as a member of our Board of Directors since April 2012. Since 2009, Mr. Bisgaard has been employed as a Partner at Novo Ventures (US) Inc., which provides certain consultancy services to Novo A/S, a Danish limited liability company. From 2001 to 2009, he was employed as a Partner in Novo A/S. From 1998 to 2001, Mr. Bisgaard served as a consultant with McKinsey & Co., a management consulting firm, where he focused on strategy development, mergers, acquisitions and alliances in various industries. Mr. Bisgaard currently serves on the board of directors of Nevro Corp., a publicly-held medical device company, and Otonomy Inc., a publicly-held biopharmaceutical company, and on numerous private company boards of directors. Mr. Bisgaard holds an M.Sc. from the Technical University of Denmark and has a post-graduate degree in Mathematical Modeling in Economics by the European Consortium for Mathematics in the Industry.

### **Larry Benedict** **Senior Vice President-Finance**

From 2000 to 2008, Mr. Benedict served in various positions at Seattle Genetics, Inc., a publicly traded biotechnology company, most recently as Director of Finance and Controller. From 1998 to 2000, Mr. Benedict served as Chief Financial Officer at Sensible Solutions, Inc., a financial software consulting company. From 1997 to 1998, Mr. Benedict served as Finance Manager at SmithKline Beecham Clinical Laboratories, now Quest Diagnostics Incorporated. From 1990 to 1997, he held various finance roles at Bristol-Myers Squibb Company, a biopharmaceutical company. Mr. Benedict holds a B.S. in Accounting from Central Washington University.

### **Gary Bridger** **Director**

Gary Bridger, Ph.D. Dr. Bridger has served as a member of our Board of Directors since November 2013. Since January 2013, Dr. Bridger has served as the Executive Vice President of Research and Development at Xenon Pharmaceuticals Inc., a biopharmaceutical company. Dr. Bridger serves as a Managing Director at Five Corners Capital Inc., which has been appointed to manage the remaining portfolio of biotechnology and technology investments of Ventures West Capital Management, a venture capital firm. Dr. Bridger served as a venture partner for Ventures West from June 2010 to June 2012. From November 2006 to December 2007, Dr. Bridger served as Senior Vice President of Research and Development at Genzyme Corporation, a biotechnology company, which was acquired by Sanofi, S.A. Dr. Bridger co-founded AnorMED Inc. in 1996 and served as its Chief Scientific Officer at the time of its acquisition by Genzyme Corporation in 2006. Dr. Bridger currently serves on the board of directors of Aquinox Pharmaceuticals, Inc. and on numerous private company boards of directors. Dr. Bridger also serves on the Scientific Advisory Board of Alectos Therapeutics Inc. Dr. Bridger holds a Ph.D. in Organic Chemistry from the University of Manchester Institute of Science and Technology.

### **Clay B. Siegall** **Director**

Clay B. Siegall, Ph.D. Dr. Siegall has served as a member of our Board of Directors since November 2005. In 1998, Dr. Siegall co-founded Seattle Genetics, Inc. and currently serves as its President, Chief Executive Officer and Chairman of the Board of Directors. From 1991 to 1997, Dr. Siegall was with the Bristol-Myers Squibb Pharmaceutical Research Institute and the National Cancer Institute, National Institutes of Health from 1988 to 1991. In addition to Seattle Genetics, Dr. Siegall currently serves on the board of directors of Ultragenyx Pharmaceutical Inc. Dr. Siegall holds a Ph.D. in Genetics from George Washington University and a B.S. in Zoology from the University of Maryland.

### **Deepa R. Pakianathan** **Director**

Deepa R. Pakianathan, Ph.D. Dr. Pakianathan has served as a member of our Board of Directors since December 2007. Since 2001, Dr. Pakianathan has served as a Managing Member at Delphi Ventures, a venture capital firm focused on medical device and biotechnology investments. From 1998 to 2001, Dr. Pakianathan served as a Vice President in the healthcare group at JP Morgan Chase & Company, where she was involved in healthcare merger and acquisition transactions and public offerings for biotechnology companies. Dr. Pakianathan currently serves on the board of directors of Alexza Pharmaceuticals, Inc., Oncomed Pharmaceuticals, Inc. Calithera Biosciences, Inc. and Karyopharm Therapeutics, Inc. Dr. Pakianathan holds a Ph.D. and an M.S. from Wake Forest University, a B.Sc. from the University of Bombay, India and an M.Sc. from The Cancer Research Institute at the University of Bombay, India.

## Board and Management (continued)

### **Randy Hassler** **Senior Vice President-Pharmaceutical Operations**

Prior to joining Alder BioPharmaceuticals, he served as Vice President of Operations and Finance and Chief Operating Officer for seven years at Seattle Biomedical Research Institute, working on the fight against global infectious diseases. From 1995 to 2007, he served in various leadership positions at Amgen including Process Development, Quality Control, and Quality Assurance. In addition, he also played major roles in Amgen's acquisitions of both Immunex and Abgenix. From 1983 to 1995, Mr. Hassler served in a variety of research and development positions at Synergen in Boulder, Colorado. Mr. Hassler holds a B.S. in Microbiology from Indiana University and an M.S. in Microbiology from Colorado State University.

### **Steve Dow** **Chairman**

Stephen M. Dow. Mr. Dow has served as a member of our Board of Directors since April 2005 and as our chairperson since September 2005. Mr. Dow has served as a General Partner with Sevin Rosen Funds, a venture capital firm, since 1983. During his time with Sevin Rosen Funds, Mr. Dow has served as a director on numerous boards of directors, both public and private. Mr. Dow currently serves on the board of directors of Citrix Systems Inc. and he previously served on the board of directors of Cytokinetics, Inc. from 1998 to 2013. Mr. Dow holds an M.B.A. and a B.A. in Economics from Stanford University.



**Jeffrey T. L. Smith**  
**Senior Vice President-Translational Medicine**

# Financial Results (Annual)

31 December, 2014

## Annual Report for the year ended December 31, 2014

year-on-year comparisons with previous corresponding period

### Favourable Changes

- Total revenue to total assets up 20.0% to 0.9.

### Unfavourable Changes

- Losses in 3 years out of the last 4 years
- Operating cash flow is negative.

### Major Common Size Ratios

- Total current assets to total assets down from 95.5% to 94.4%
- Cash to total assets down from 86.9% to 72.7%
- Fixed assets to total assets down from 4.5% to 1.8%
- Administration expenses to Sales down from 40.4% to 22.7%.

## INCOME STATEMENT

Currency in Thousand of USD	2014-12-31	2013-12-31	Change %
Revenues			
Collaboration and license agreements	54,705	18,796	Up 191.0
Operating expenses			
Research and development	33,439	31,883	Up 4.9
General and administrative	12,462	7,674	Up 62.4
Total operating expenses	45,901	39,557	Up 16.0
Income (loss) from operations	8,804	-20,761	Recovery
Other income (expense)			
Interest income	44	54	Down 18.5
Other income	60	158	Down 62.0
Interest expense			
Other expense		-64	
Total other income	104	148	Down 29.7
Net income (loss)	8,908	-20,613	Recovery
Net income (loss) per share - basic	43.0c	-2,114.0c	Recovery
Net income (loss) per share - diluted	30.0c	-2,114.0c	Recovery
Weighted average number of common shares used in net income (loss) per share - basic	20,506,565	975,158	Up 2,002.9
Weighted average number of common shares used in net income (loss) per share - diluted	29,427,287	975,158	Up 2,917.7

## BALANCE SHEET

Currency in Thousand of USD	2014-12-31	2013-12-31	Change %
Assets			
Current assets			
Cash and cash equivalents	46,795	23,227	Up 101.5



# Financial Results (Annual) (continued)

31 December, 2014

Short-term investments	9,077		
Accounts receivable	113	316	Down 64.2
Prepaid expenses and other assets	4,758	1,982	Up 140.1
Total current assets	60,743	25,525	Up 138.0
Other assets	2,456		
Property and equipment, net	1,160	1,214	Down 4.4
Total assets	64,359	26,739	Up 140.7
Liabilities, convertible preferred stock and stockholders' equity (deficit)			
Current liabilities			
Accounts payable	1,911	2,223	Down 14.0
Accrued liabilities	2,963	2,128	Up 39.2
Deferred revenue		18,717	
Deferred rent	135		
Total current liabilities	5,009	23,068	Down 78.3
Deferred revenue		35,607	
Deferred rent	193	52	Up 271.2
Total liabilities	5,202	58,727	Down 91.1
Commitments and contingencies			
Convertible preferred stock; 0.0001 par value; no shares and 116,020,270 shares		111,374	
authorized, respectively; no shares and 20,914,137 shares issued and outstanding, respectively			
Stockholders' equity (deficit)			
Common stock; 0.0001 par value; 200,000,000 and 140,000,000 3 shares			
authorized, respectively; 30,996,526 and 988,685 shares issued and outstanding, respectively			
Additional paid-in capital	196,082	2,443	Up 7,926.3
Accumulated deficit	-136,906	-145,814	Reduced 6.1
Accumulated other comprehensive income (loss)	-22	9	Deterioration
Total stockholders' equity (deficit)	59,157	-143,362	Recovery
Total liabilities, convertible preferred stock and stockholders' equity (deficit)	64,359	26,739	Up 140.7

## CASH FLOW

Currency in Thousand of USD	2014-12-31	2013-12-31	Change %
Operating activities			
Net income (loss)	8,908	-20,613	Recovery
Adjustments to reconcile net income (loss) to net cash used in operating activities			

# Financial Results (Annual) (continued)

31 December, 2014

Depreciation and amortization	701	935	Down 25.0
Loss on retirement of property and equipment	2	43	Down 95.3
Stock-based compensation	1,250	575	Up 117.4
Interest expense related to convertible promissory note payable			
Changes in operating assets and liabilities			
Accounts receivable	203	-188	Recovery
Prepaid expenses and other assets	-5,196	1,053	Deterioration
Accounts payable	-312	303	Deterioration
Accrued liabilities	835	142	Up 488.0
Deferred rent	276	-129	Recovery
Deferred revenue	-54,324	-18,253	Deterioration 197.6
Net cash used in operating activities	-47,657	-36,132	Deterioration 31.9
Investing activities			
Purchases of investments	-11,045		
Proceeds from maturities of investments	1,960	5,620	Down 65.1
Purchases of property and equipment	-649	-193	Deterioration 236.3
Decrease in restricted cash		119	
Net cash provided by (used in) investing activities	-9,734	5,546	Deterioration
Financing activities			
Proceeds from issuance of convertible preferred stock, net of stock issuance costs			
Proceeds from issuance of common stock, net of offering costs	80,259		
Deferred offering costs	-36		
Proceeds from exercise of stock options and purchases under employee stock purchase plan	759	48	Up 1,481.2
Net cash provided by financing activities	80,982	48	Up 168,612.5
Effect of exchange rate changes on cash	-23	12	Deterioration
Net increase (decrease) in cash and cash equivalents	23,568	-30,526	Recovery
Cash and cash equivalents			
Beginning of period	23,227	53,753	Down 56.8
End of period	46,795	23,227	Up 101.5

## EBITDA AND MARGINS

	2014-12-31	2013-12-31
Net Income Margin %	16.24	-108.5

## PERFORMANCE RATIOS

	2014-12-31	2013-12-31	Change %
Return on Assets (%)	13.84	-77.09	Recovery

# Financial Results (Annual) (continued)

31 December, 2014

Total Liabilities to Operating Cash Flow	-0.11	-1.63	Reduced 93.3
Total Liabilities/Total Assets	0.08	2.2	Down 96.3
Current Ratio	12.13	1.11	

## PER SHARE FIGURES

	2014-12-31	2013-12-31	Change %
Revenue from operating activities	US\$2.67	US\$19.27	Down 86.2
Cash	US\$2.28	US\$23.82	Down 90.4
Working Capital	US\$2.72	US\$2.52	Up 7.9
Shareholders' Funds	US\$2.88	-14,701.41c	Recovery
Total Liabilities	25.37c	US\$60.22	Down 99.6
Total Assets	US\$3.14	US\$27.42	Down 88.6
Net Tangible Assets	US\$2.88	-14,701.41c	Recovery
EPS Final	30.0c	-2,114.0c	Recovery

BuySellSignals Financial Research provides equity research on over 48,000 companies listed in more than 90 countries and 120 markets across the world. BuySellSignals believes that every stock has a story to tell and that this story changes every day. To capture this story, BuySellSignals offers the latest pertinent and comprehensive information so that investors can make well-informed investment decisions.

BuySellSignals publishes equity research reports on each stock, sector and index daily to capture the latest market movements and sentiments. BuySellSignals eschews "hot tip" or headline investing in favour of high-quality, ultra-current, targeted technical and fundamental information including specific bullish and bearish signals for each stock. Insights that will guide you to the investments that are hard to find in today's hyperactive mainstream markets.

For further details on definitions and quotations from investing legends, [Click here](#)

---

Disclaimer: While this document is based on information sources which are considered reliable, it has been prepared without consideration of your specific investment objectives, financial situation or needs, so you should carry out your own analysis or seek professional investment advice before an investment decision is made. The document contains unbiased, independent equities data from BuySellSignals (AFS Licence 222756) and News Bites Pty Ltd, who provide round the clock data on every Australian stock and sector. Neither BuySellSignals nor News Bites are brokers, and neither have an executing, corporate advisory or investment banking function. BuySellSignals and News Bites Pty Ltd, its directors, employees and consultants do not represent, warrant or guarantee, expressly or impliedly, that the information contained in this document is complete or accurate. The data is sourced from annual reports and company releases and may not be fully up to date. It should be used as a guide only.

---