

## Aldeyra Therapeutics (ALDX : US\$7.22)

### Aldeyra Therapeutics climbs 17% in 2014

Aldeyra Therapeutics Inc, NASDAQ's 51st largest healthcare-products company by market cap, has now climbed US\$1.07 (or 17.4%) year to date in 2014 to close at US\$7.22. The volume YTD has been 0.6 times average trading of 14,564 shares. Compared with the NASDAQ-100 Index which has risen 21.7% YTD, this represents a relative price change of -4.3%. In 2014 the market cap has jumped US\$8.4 million.

### Introduction

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

**What makes us bearish on the stock is the following:**

- The Q Ratio, defined by James Tobin as MCap divided by Total Assets, is 10.7. Compared with the rest of the market the stock is overvalued and ranks in the bottom 3% of stocks by value of Q Ratio.

**However, there are some reasons why we remain neutral on the stock for the short-term:**

- It has outperformed 75% of the market the past 6 months.
- In the last three months the number of falls outnumbered rises 34:29 or 1.17:1.

### Stock Summary

<b>Sector</b>	Healthcare-Products
<b>Market Cap</b>	US\$40.2 million
<b>Shares Outstanding</b>	5,565,413
<b>ISIN</b>	US01438T1060
<b>Relative Strength (3 mo)</b>	99

### 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 Traded Dec 01	7.1	39.7 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 20 trading sessions there has been a net decline of 27.8%; the stock has retreated thirteen times and the biggest one day decline was 21.5% on Oct 30.
- In the past 200 days this ratio has been under 0.97 just once suggesting a support level.

### Overvaluation:

- The Q Ratio, defined by James Tobin as MCap divided by Total Assets, is 10.7. Compared with the rest of the market the stock is overvalued and ranks in the bottom 3% 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
Volatility %	4.3	In Bottom Quartile
Price Earnings	36.2	In Bottom Quartile
Turnover in Quarter	US\$7.5 million	In Bottom Quartile
MCap	US\$40.2 million	In Bottom Quartile
Price/MAP50	0.63	In Bottom Quartile

## Note

### Bullish Signals:

- The price is at a discount of 5.3% to the 1-month volume weighted average price of US\$7.63, which may appeal as a value proposition.
- In the NASDAQ market of 2,362 stocks traded today, the stock has a 6-month relative strength of 75 indicating it has outperformed 75% of the market.
- The Price/MAP of 0.97 for ALDX is higher than the Price/MAP for the NASDAQ-100 Index of 0.6.
- The price to 200-day MAP ratio is 0.97.
- The current short volume is 0.9 times its own historical average of 0.1%.

### Undervaluation:

- The earnings yield of 2.8% is 1.3 times the 10-year bond yield of 2.17%.

### 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 USD1.5 Million is 0.9 times the net liquidation value of USD1.74 Million.

### Bullish Indicators and Rank in Market:

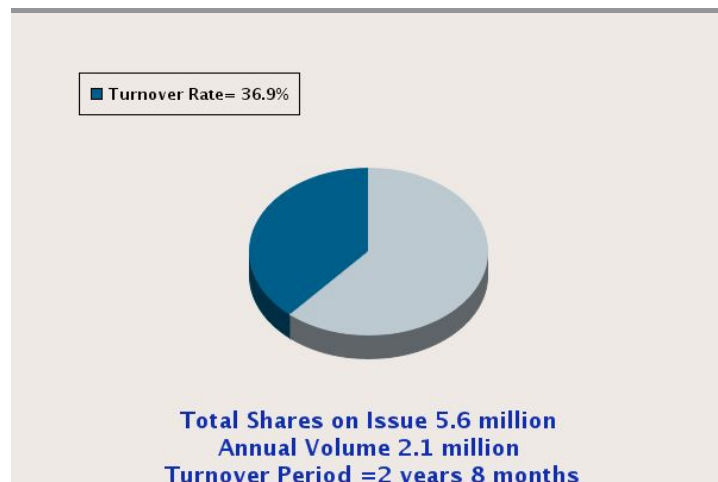
Description	Value	Rank In Market
Return on Assets [ROA] %	29.7	In Top 2%

### Insider Trades



## Analysis (continued)

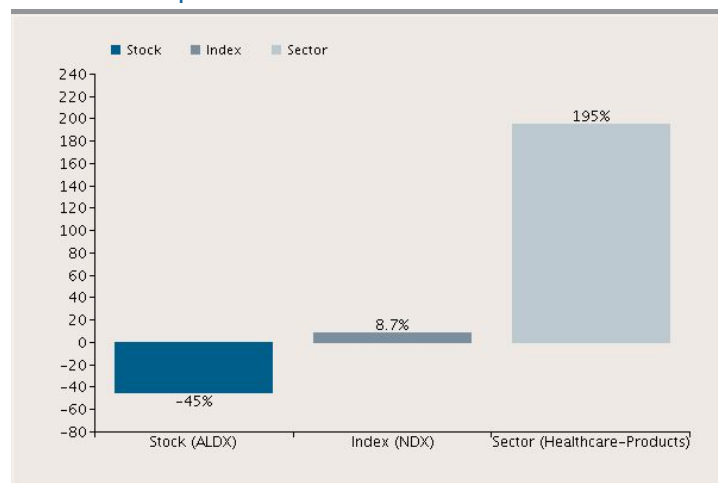
### Turnover Rate & Turnover Period



### Trailing 3 months

Turnover	US\$7.5 million
Volume	1,076,706
Volume Index (1 is avg)	1.2

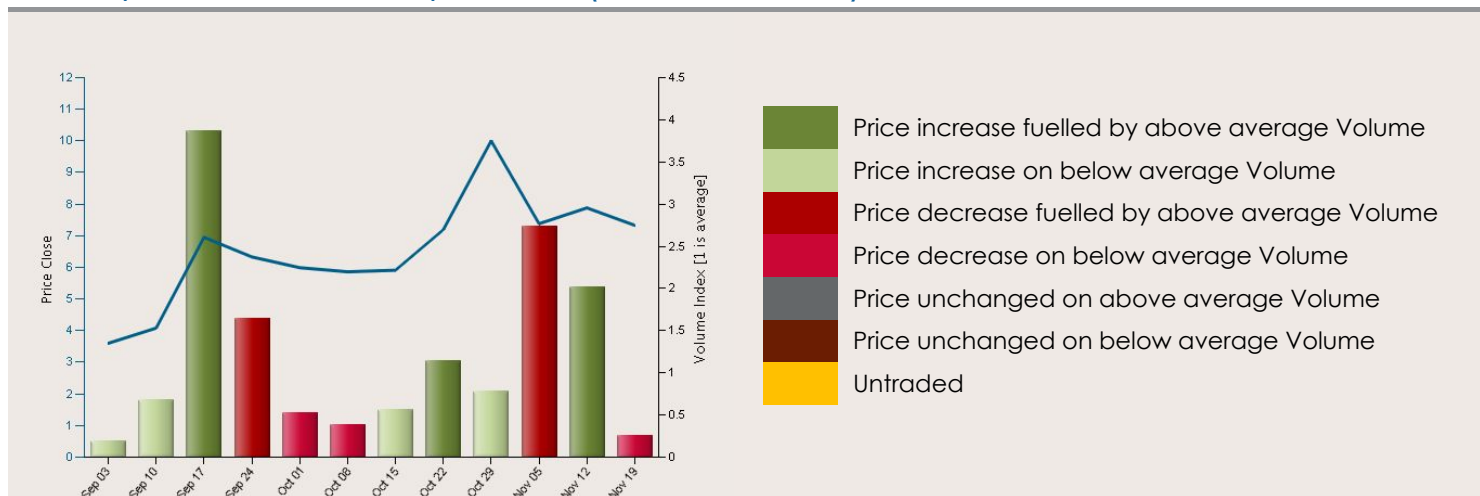
### YTD Comparison Stock Sector Index



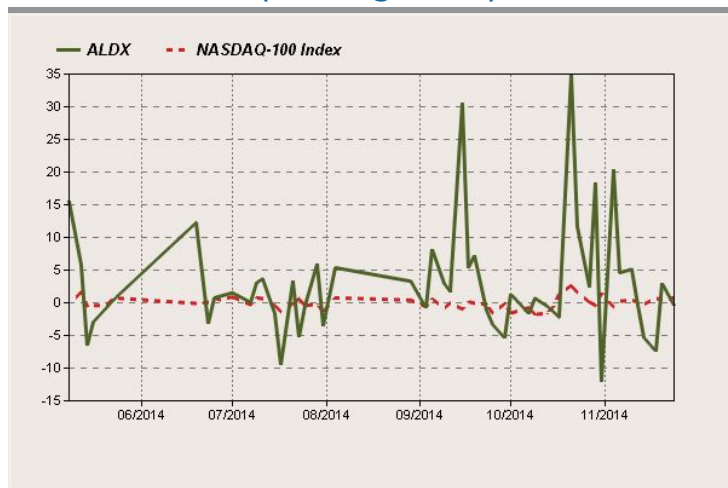
## Price Volume Trend: Trailing Quarter



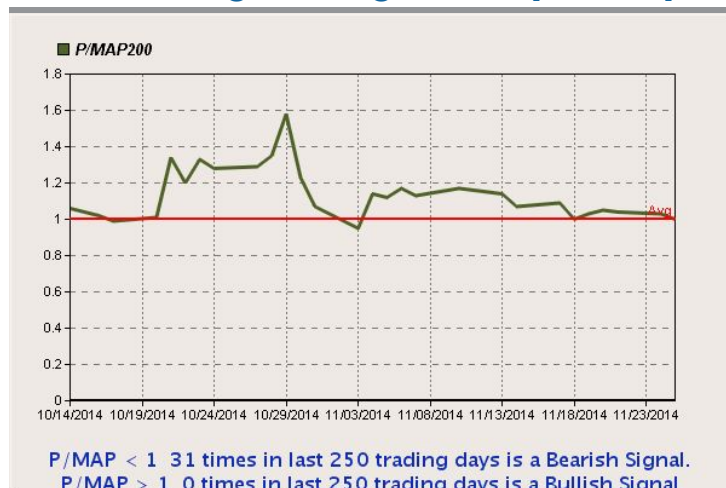
## Weekly Price Volume Dynamics (Last 12 Weeks)



## 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
18-Nov-2014	HC Wainwright	Initiated Coverage	-	Buy	-	13
18-Nov-2014	Wainwright	Initiated Coverage	-	Buy	-	13

## 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.

Economic Sector

Healthcare

### Regulatory Announcements

#### Key Developments

##### **November 13: Aldeyra Therapeutics to Present at the Therapeutic Area Partnerships Meeting**

[News Story] Company Chosen as "Top Projects to Watch" in the Anti-Inflammatory/Autoimmune Industry

LEXINGTON, Mass., Nov. 13, 2014 -- Aldeyra Therapeutics, Inc. (Nasdaq:ALDX) (Aldeyra), a biotechnology company focused on the development of products to treat diseases related to free aldehydes, today announced that Todd C.

[For more details click here.](#)

#### Financial Results

##### **November 10: Aldeyra Therapeutics Reports Third Quarter and Year to Date 2014 Financial Results**

[News Story] LEXINGTON, Mass., Nov. 10, 2014 Aldeyra Therapeutics, Inc. (Nasdaq:ALDX) (Aldeyra), a biotechnology company focused on the development of products to treat diseases related to free aldehydes, today announced its financial results for the third quarter and nine months ended September 30, 2014.

Todd C.

[For more details click here.](#)

#### Conferences/Exhibitions

##### **September 05: Aldeyra Therapeutics to Present at Upcoming Investor Conferences**

BURLINGTON, Mass., Sept. 5, 2014 Aldeyra Therapeutics, Inc. (Nasdaq:ALDX) (Aldeyra), a biotechnology company focused on the development of products to treat diseases related to free aldehydes, today announced that Todd C. Brady, M.D., Ph.D., President and CEO of Aldeyra, will present corporate overviews at the 16th Annual Rodman & Renshaw Global Investment Conference, taking place September 8, 2014 through September 10, 2014 in New York, New York, and the Aegis Capital Corporation 2014 Healthcare and Technology Conference, taking place on September 10, 2014 through September 13, 2014 in Las Vegas, Nevada.

Details of the presentations are as follows:

16th Annual Rodman & Renshaw Global Investment Conference

Date: Wednesday, September 10, 2014

Time: 10:00 a.m.

#### Conferences/Exhibitions

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Date: Wednesday, September 10, 2014

Time: 10:00 a.m.

##### **September 02: Aldeyra Therapeutics Expands Drug Development Team in Advance of NS2 Clinical Trials**

[Company Release] BURLINGTON, Mass., Sept. 2, 2014 Aldeyra Therapeutics, Inc. (Nasdaq:ALDX) (Aldeyra), a biotechnology company focused on the development of products to treat diseases related to free aldehydes, today announced the expansion of its drug development team with three strategic hires to support upcoming studies for its lead product candidate, NS2.

Donna Keith will supervise Chemistry Manufacturing and Controls (CMC), while Dr.

#### Financial Results

##### **August 04: Aldeyra Therapeutics Reports Second Quarter 2014 Financial Results**

[Company Release] BURLINGTON, Mass., Aug. 4, 2014 Aldeyra Therapeutics, Inc. (Nasdaq:ALDX) (Aldeyra), a biotechnology company focused on the development of products to treat diseases thought to be related to free aldehydes, today announced its financial results for the second quarter ended June 30, 2014.

Todd C.

#### Conferences/Exhibitions

##### **July 23: Aldeyra Therapeutics Schedules Webcast and Conference Call for Second Quarter 2014 Financial Results**

[Company Release] BURLINGTON, Mass., July 23, 2014 Aldeyra Therapeutics, Inc. (Nasdaq:ALDX) (Aldeyra), a biotechnology company focused on the development of products to treat diseases thought to be related to free aldehydes, today announced that it will issue its financial results for the second quarter of 2014 on Monday, August 4, 2014, prior to the market open.

Aldeyra will hold a conference call on Monday, August 4, 2014, at 8:30 a.m.



## Company Overview (continued)

### 8-K other news

#### **November 12: Aldeyra Therapeutics: Entry into a Material Definitive Agreement**

[News Story]

[http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=\\_Archives\\_edgar\\_data\\_1341235\\_000119312514407879\\_0001193125-14-407879.txt](http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1341235_000119312514407879_0001193125-14-407879.txt)

Source: 8-K United States Securities and Exchange Commission

#### **September 05: Aldeyra Therapeutics: Regulation FD Disclosure**

[News Story]

[http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=\\_Archives\\_edgar\\_data\\_1341235\\_000119312514332978\\_0001193125-14-332978.txt](http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1341235_000119312514332978_0001193125-14-332978.txt)

Source: 8-K United States Securities and Exchange Commission

#### **September 02: Aldeyra Therapeutics: Other Events**

[News Story]

[http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=\\_Archives\\_edgar\\_data\\_1341235\\_000119312514328113\\_0001193125-14-328113.txt](http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1341235_000119312514328113_0001193125-14-328113.txt)

Source: 8-K United States Securities and Exchange Commission

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

[News Story]

[http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=\\_Archives\\_edgar\\_data\\_1341235\\_000119312514292484\\_0001193125-14-292484.txt](http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1341235_000119312514292484_0001193125-14-292484.txt)

Source: 8-K United States Securities and Exchange Commission

### Issued Capital

Based on 5,565,413 issued equity shares the market capitalisation is US\$40.2 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\$970, for a capital loss of US\$30.

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Scott L Young  
Chief Operating Officer



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