

Achaogen (AKAO : US\$13.96)

Achaogen tumbles 24.5% in second quarter, in bottom 9% of the market

Achaogen Inc, NASDAQ's 23rd largest healthcare-products company by market cap, tumbled US\$4.53 (or 24.5%) in the quarter ended June 30 to close at US\$13.96. This loss means the stock has underperformed 91% of NASDAQ-listed stocks in quarter ended June 30. The volume in the quarter was 0.9 times the average trading of 98,604 shares. Compared with the NASDAQ-100 Index which rose 191.1 points (or 5.2%), this represents a relative price change of -29.7%. In the second quarter the market cap declined US\$63.5 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:

- In the last three months the number of falls outnumbered rises 37:27 or 1.37:1.

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

- Its Moving Average Convergence Divergence indicators are rising, with its 12-day EMA higher than its 26-day EMA.
- "Total debt less than tangible book value"; total debt of \$US6.7 Million is less than tangible book value of \$US7.7 Million.

Stock Summary

Sector	Healthcare-Products
Market Cap	US\$246.8 million
Shares Outstanding	17,680,647
Relative Strength (3 mo)	9

Financial Summary

Year ended	Dec 2013	Dec 2012	Dec 2011
Sales (USDm)	18.5	17.9	22.5
Pretax (USDm)	(13.1)	(18.4)	(20.9)
Net (USDm)	(13.1)	(18.4)	(20.9)
EPS (USD)	(0.83)	(1.16)	(1.32)

MCap: A Historical Perspective

	Share Price (USD)	Market Cap (\$)
Last	14.0	246.8 million

Analysis

Bearish Signals

- The current short volume is 1.1 times its own historical average of 0.03%.

Other Bearish Signals:

The stock has a score of merely 2 out of 9 set by Joseph Piotroski [pass mark ≥ 5]:

Improvement in current ratio from 1 to 1.8; Total shares on issue unchanged.

Bearish Indicators and Rank in Market:

Description	Value	Rank In Market
Annual Revenue	US\$18.5 million	In Bottom Quartile
Volatility %	8.7	In Bottom 8%
Price/MAP50	0.58	In Bottom 5%
Price Change %	-3.7	In Bottom 4%

Note

Neutral Indicators and Rank in Market:

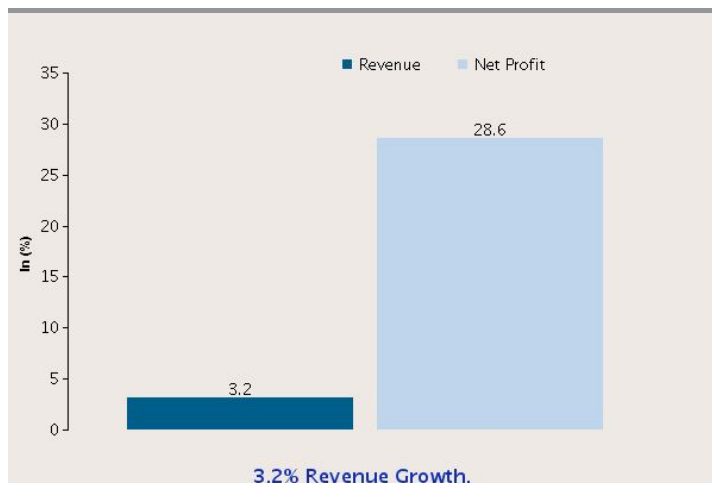
Description	Value	Rank In Market
Turnover in Quarter	US\$76.5 million	In 3rd Quartile
MCap	US\$246.8 million	In 3rd Quartile

Bullish Signals:

- The price is at a discount of 4.5% to the 1-month volume weighted average price of US\$14.61, which may appeal as a value proposition.
- In the last 20 trading sessions there has been a net rise of 1.9%; the stock has advanced nine times and the biggest one day rise was 8% on Jun 09.
- The Moving Average Convergence Divergence (MACD) indicator of 12-day Exponential Moving Average (EMA) of 14.97 minus the 26-day EMA of 14.77 is positive suggesting a bullish signal.
- The stock is oversold according to the Williams % R indicator of -92.0.
- In the NASDAQ Short Selling market of 2430 stocks, short selling as a % of issued shares ranked 1886th and within the bottom quartile of stocks. This means it was lower than market average of 0.43%, a bullish indicator.

Other Bullish Signals:

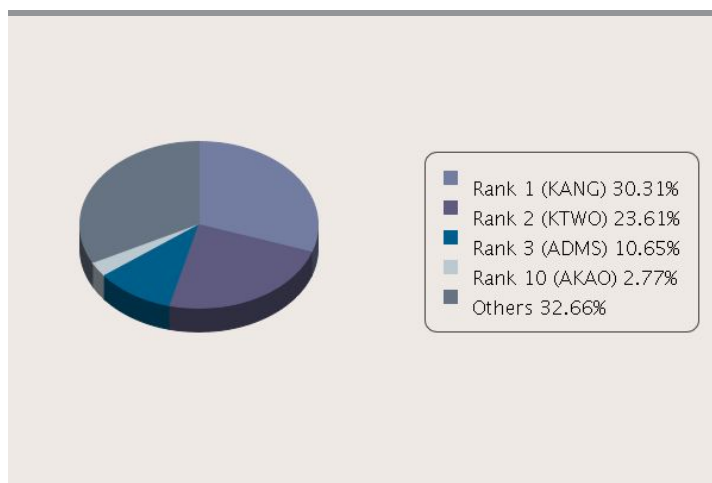
% Growth Y.O.Y, Revenue & Net Profit



Also, the following criteria set by Benjamin Graham:

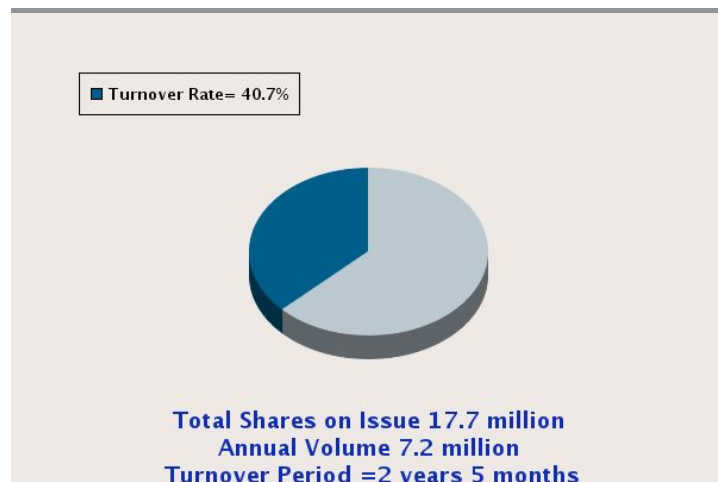
- "Total debt less than tangible book value"; total debt of \$US6.7 Million is less than tangible book value of \$US7.7 Million.
- "Total debt equal or less than twice the net quick liquidation value"; total debt of \$US6.7 Million is 0.5 times the net liquidation value of \$US13.15 Million.

Revenue Share Healthcare-Products



Analysis (continued)

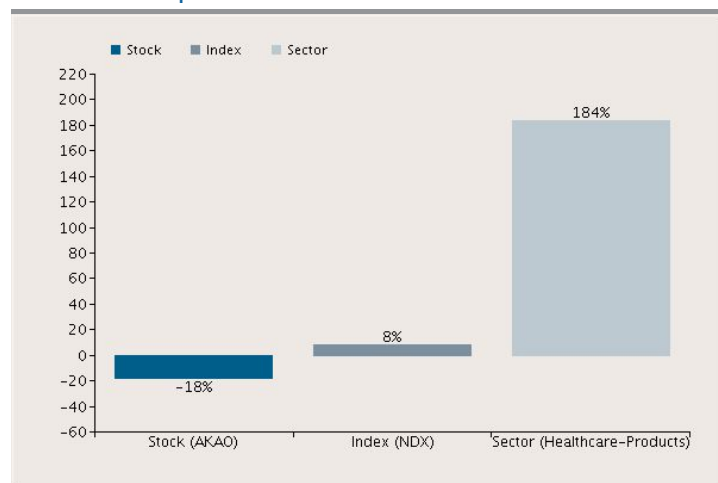
Turnover Rate & Turnover Period



Trailing 3 months

Turnover	US\$76.5 million
Volume	5,425,981
Volume Index (1 is avg)	0.9

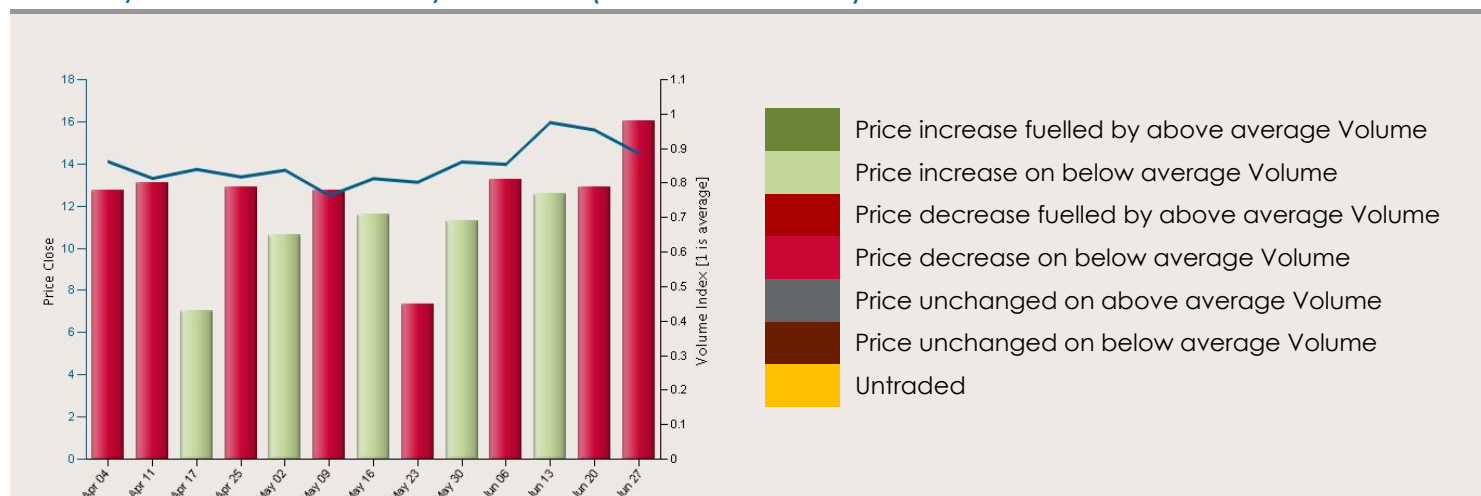
YTD Comparison Stock Sector Index



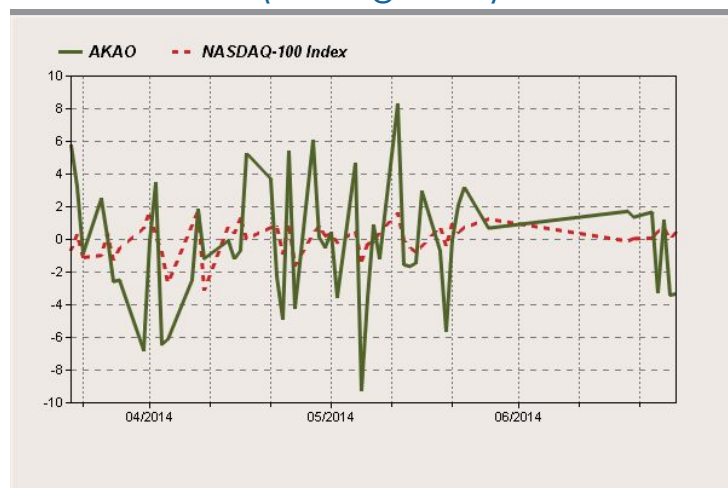
Price Volume Trend: Trailing Quarter



Weekly Price Volume Dynamics (Last 12 Weeks)



Stock v Index (Trailing Year)



Peer Group Analysis

Sector sorting

Name	Last Price	Relative strength (6-months)	MCap (Millions)	PV \$1000 (1 yr)	Revenue (Millions)	Net Profit (Millions)	Total Assets (Millions)
Oxford Immunotec Global	16.83	32	277	-	43	-11	93
Chemocentryx	5.85	67	251	424	6	-40	152
Achaogen	13.96	-	247	-	19	-13	21
MediWound	11.38	-	242	-	-	-8	15
Ignitya	9.09	-	178	-	0	-0	0
Agile Therapeutics	8.72	-	162	-	-	-14	14

Recent Analyst Recommendations

Date	Brokerage	Action	Past Rating	Current Rating	Prev Target	Price Target
20-Jun-2014	Gabelli	Initiated Coverage	-	Hold	-	-
08-Apr-2014	Cowen and Company	Initiated Coverage	-	Outperform	-	22
07-Apr-2014	Credit Suisse	Initiated Coverage	-	Outperform	-	22
07-Apr-2014	Needham & Company LLC	Initiated Coverage	-	Buy	-	21
07-Apr-2014	William Blair	Initiated Coverage	-	Outperform	-	25

Company Overview

Activities

Achaogen Inc. provides pharmaceutical products. The Company researches and develops small molecule therapeutics for the treatment of multi-drug resistant bacterial infections including pneumonia and E-coli. Achaogen operates in the United States.
Source: www.BuySellSignals.com

Regulatory Announcements

To view Recent Company Headlines, [click here](#)
May 12: Achaogen Announces First Quarter 2014 Results
April 07: Achaogen to Present at 13th Annual Needham Healthcare Conference
April 02: Achaogen appoints Director

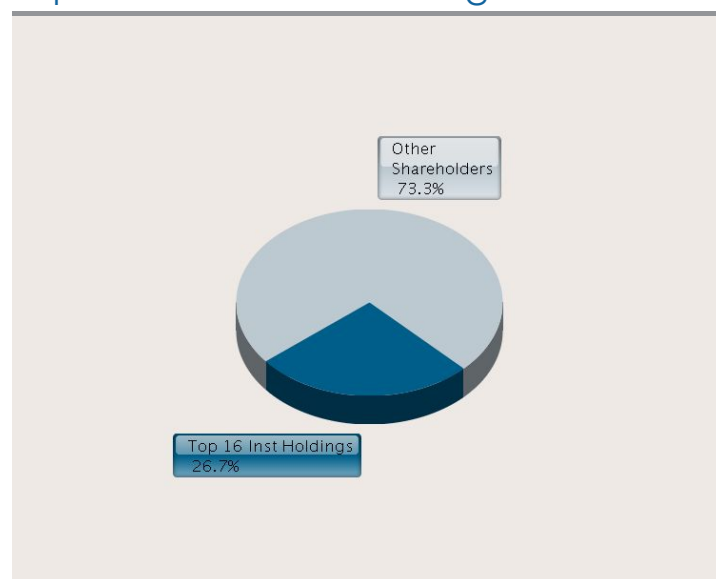
Issued Capital

Based on 17,680,647 issued equity shares the market capitalisation is US\$246.8 million. It is NASDAQ's 21st largest Healthcare-Products company by assets.
The top sixteen shareholders hold 26.7% of the issued capital leaving a float of 73.3%.

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\$870, for a capital loss of US\$130.

Financial Results (Quarterly)

31 March, 2014

INCOME STATEMENT

Currency in Thousand of USD	2014-03-31	2013-03-31	Change %
Contract revenue	5,988	3,533	Up 69.5
Operating expenses			
Research and development	6,605	4,661	Up 41.7
General and administrative	2,617	2,154	Up 21.5
Total operating expenses	9,222	6,815	Up 35.3
Loss from operations	-3,234	-3,282	Reduced 1.5
Interest expense and other, net	221	525	Down 57.9
Interest income and other, net		54	
Net loss and comprehensive loss	-3,455	-3,753	Reduced 7.9
Basic and diluted net loss per common share	-100.0c	-1,000.0c	Reduced 90.0
Weighted-average common shares outstanding used to calculate basic and diluted net loss per common share	3,456,088	375,321	Up 820.8

BALANCE SHEET

Currency in Thousand of USD	2014-03-31	2013-12-31	Change %
Assets			
Current assets:			
Cash and cash equivalents	84,937	10,738	Up 691.0
Contracts receivable	6,027	7,230	Down 16.6
Prepays and other current assets	161	1,873	Down 91.4
Total current assets	91,125	19,841	Up 359.3
Property and equipment, net	662	743	Down 10.9
Restricted cash	127	127	Steady
Deposit and other assets	44	47	Down 6.4
Total assets	91,958	20,758	Up 343.0
Liabilities, convertible preferred stock and stockholders' equity (deficit)			
Current liabilities:			
Accounts payable	4,544	2,923	Up 55.5
Accrued liabilities	2,832	3,004	Down 5.7
Notes payable, current portion	5,540	4,989	Up 11.0
Other current liabilities	64	73	Down 12.3
Total current liabilities	12,980	10,989	Up 18.1
Deferred rent	133	125	Up 6.4
Notes payable, noncurrent portion		1,698	
Other long-term liabilities		244	
Total liabilities	13,113	13,056	Up 0.4
Commitments and contingencies			
Convertible preferred stock, 0.001 par value, zero shares and 132,202,910 shares authorized at March 31, 2014 and December 31, 2013, respectively; zero shares and 9,796,342 shares issued and outstanding at March 31, 2014 and December 31, 2013, respectively		132,278	



Financial Results (Quarterly) (continued)

31 March, 2014

Stockholders' equity (deficit)

Common stock, 0.001 par value, 290,000,000 and 163,000,000 shares 18
authorized at March 31, 2014 and December 31, 2013, respectively;
17,680,647 and 392,844 shares issued and outstanding at March 31,
2014 and December 31, 2013, respectively

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

Additional paid-in-capital	211,006	4,148	Up 4,986.9
Accumulated deficit	-132,179	-128,724	Deterioration 2.7
Total stockholders' equity (deficit)	78,845	-124,576	Recovery
Total liabilities, convertible preferred stock, and stockholders' equity (deficit)	91,958	20,758	Up 343.0

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