

Akebia Therapeutics (AKBA : US\$24.39)

Akebia Therapeutics jumps 22% in 2014, outperforming 85% of the market

Akebia Therapeutics Inc, NASDAQ's 10th largest healthcare-products company by market cap, has now jumped US\$4.39 (or 22%) year to date in 2014 to close at US\$24.39. This gain means the stock has outperformed 85% of NASDAQ-listed stocks in 2014. The volume YTD has been 0.5 times average trading of 214,851 shares. Compared with the NASDAQ-100 Index which has risen 9.8% YTD, this represents a relative price increase of 12.1%. In 2014 the market cap has jumped US\$108.8 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 14.3. Compared with the rest of the market the stock is overvalued and ranks in the bottom 2% of stocks by value of Q Ratio.

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

- In the last three months the number of rises outnumbered falls 32:28 or 1.1:1.
- Its Moving Average Convergence Divergence indicators are falling, with its 12-day EMA lower than its 26-day EMA.

Stock Summary

Sector	Healthcare-Products
Market Cap	US\$494.2 million
Shares Outstanding	20,262,692
Relative Strength (3 mo)	98

Financial Summary

Year ended	Dec 2013	Dec 2012	Dec 2011
Pretax (USDm)	(13.2)	(8.2)	(15.3)
Net (USDm)	(69)	(11.5)	(18.3)
EPS (USD)	(3.78)	(0.63)	(1)

MCap: A Historical Perspective

	Share Price (USD)	Market Cap (\$)
Last	24.4	494.2 million

Analysis

Bullish Signals

- The price is at a discount of 10.3% to the 1-month volume weighted average price of US\$27.20, which may appeal as a value proposition.

Other Bullish Signals:

- Return on Assets is negative but improving in recent years.

Annual Trend:

[Year ended, all figures in %]:

Year	ROE	ROA	ROCE
Dec 13	-224.5	-199.2	-40.5
Dec 12	-	-514.3	-

Also, the following criteria set by Benjamin Graham:

- "Total debt less than tangible book value"; total debt of \$US10,000 is less than tangible book value of \$US30.8 Million.
- "Current ratio of two or more"; current assets are 8.6 times current liabilities.
- "Total debt equal or less than twice the net quick liquidation value"; total debt of \$US10,000 is 0 times the net liquidation value of \$US33.42 Million.

Bearish Signals

- In the last 11 trading sessions there has been a net decline of 12.08%; the stock has retreated twelve times and the biggest one day decline was 9.2% on Jul 07.
- The Moving Average Convergence Divergence (MACD) indicator of 12-day Exponential Moving Average (EMA) of 25.7 minus the 26-day EMA of 26.21 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 2.4 times its own historical average of 0.2%.

Overvaluation:

- The Q Ratio, defined by James Tobin as MCap divided by Total Assets, is 14.3. Compared with the rest of the market the stock is overvalued and ranks in the bottom 2% 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 ≥ 5]:

Improvement in current ratio from 0.5 to 8.6; Total shares on issue unchanged.

Bearish Indicators and Rank in Market:

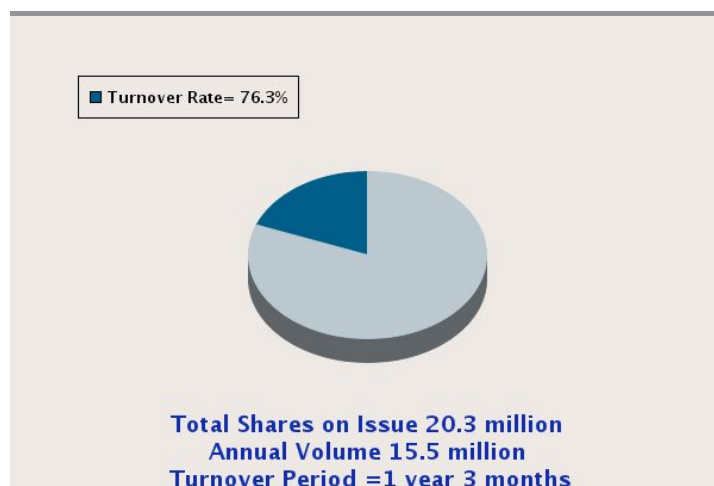
Description	Value	Rank In Market
Volatility %	6.2	In Bottom Quartile
Price Change %	-3.3	In Bottom Quartile
Price/MAP50	0.61	In Bottom 9%
Price to Book Value	16.1	In Bottom 4%

Note

Neutral Indicators and Rank in Market:

Description	Value	Rank In Market
MCap	US\$494.2 million	In 2nd Quartile
Turnover in Quarter	US\$272.2 million	In 3rd Quartile

Turnover Rate & Turnover Period

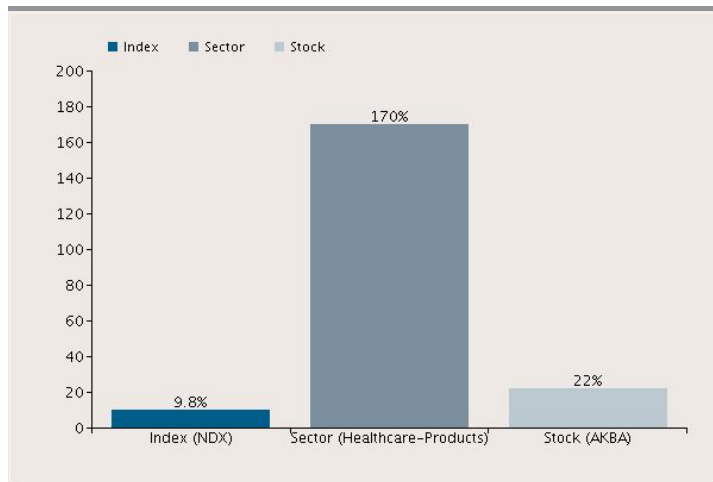


Trailing 3 months

Turnover	US\$272.2 million
Volume	10,655,111
Volume Index (1 is avg)	0.8

Analysis (continued)

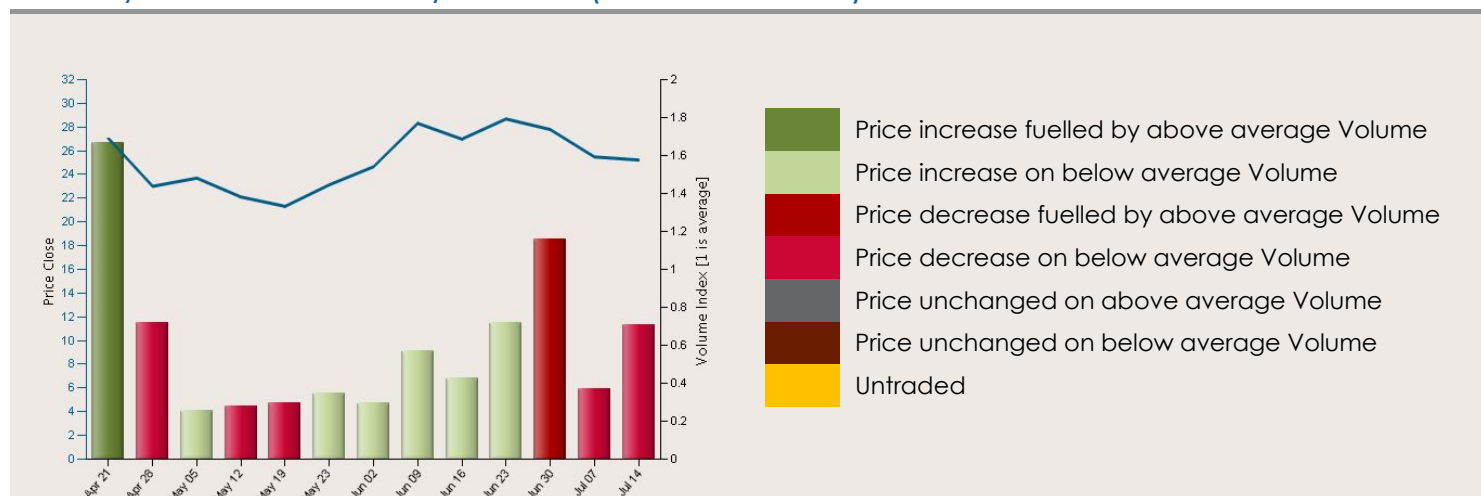
YTD Comparison Stock Sector Index



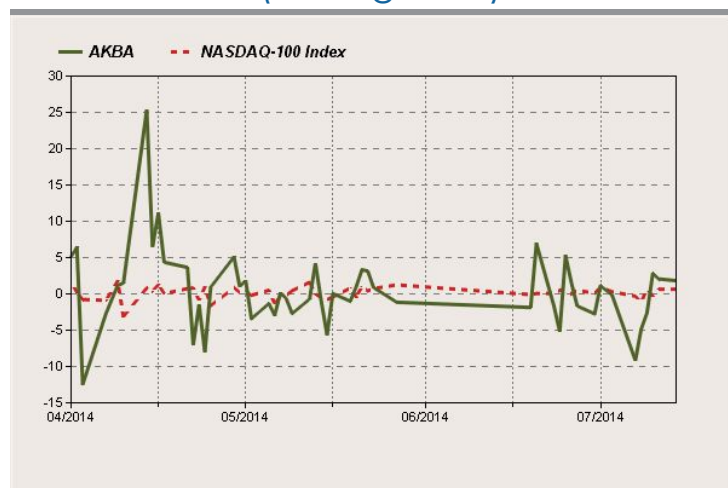
Price Volume Trend: Trailing Quarter



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)
ZS Pharma	28.86	-	595	-	-	-	-
K2M Group Holdings	16.02	-	594	-	158	-57	297
Vital Therapies	25.34	-	552	-	-	-43	47
Akebia Therapeutics	24.39	-	494	-	-	-69	35
Alder Biopharmaceuticals	15.05	-	464	-	19	-21	27
Durata Therapeutics	16.13	91	430	2,216	-	-66	100
Supernus Pharmaceuticals	10.07	88	423	1,544	12	-92	111

Recent Analyst Recommendations

Date	Brokerage	Action	Past Rating	Current Rating	Prev Target	Price Target
23-Apr-2014	Zacks	Initiated Coverage	-	Hold	-	-

Company Overview

Activities

Akebia Therapeutics, Inc. manufactures biopharmaceutical products. The Company develops products for the treatment of anemia and vascular disease. Akebia Therapeutics operates in the United States.

Further details can be found at
www.akebia.com.

Regulatory Announcements

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

June 30: Akebia Therapeutics Added to Russell 3000(Registered), Russell 2000(Registered) and Russell Global Indexes

May 29: Akebia Therapeutics Announces Upcoming Presentation at 51st ERA-EDTA Annual Congress

May 12: Akebia to Present at the Annual UBS Global Healthcare Conference

May 12: Akebia Announces First Quarter 2014 Financial Results and Recent Corporate Highlights

April 15: Akebia Therapeutics Announces Completion of Enrollment in its Phase 2b Clinical Study of AKB-6548

March 26: Akebia Therapeutics Announces Closing of Initial Public Offering and Full Exercise of Underwriters' Option to Purchase Additional Shares

Issued Capital

Based on 20,262,692 issued equity shares the market capitalisation is US\$494.2 million.

Gilder Gagnon Howe & Co Llc holds 0.3% and Citadel Advisors Llc holds 0.1% of the issued capital.

Top 2 Shareholders

Name of Shareholder	No. of Shares	% Held
Gilder Gagnon Howe & Co Llc	62,380	0.31
Citadel Advisors Llc	18,448	0.09
Total	80,828	0.4

Board and Management

John P. Butler **CEO & President**

Mr. John P. Butler is appointed as its President and Chief Executive Officer of Akebia Therapeutics, Inc., effective from September 16, 2013. Mr. Butler was most recently CEO of Inspiration Biopharmaceuticals and prior to that, held several positions at Genzyme Corporation, including President of the Cardiometabolic and Renal Division. Mr. Butler has served in additional roles over his 14-year tenure at Genzyme, his last role was President of the Rare Genetic Disease division. Prior to Genzyme, Mr. Butler held commercial positions at Amgen Inc. and Hoffmann-La Roche. Mr. Butler currently serves as the Chairman of the Board of Trustees for the American Kidney Fund. He received his bachelor's degree from Manhattan College and his MBA from the Zicklin School, Baruch College, City University of New York.

John Rice **Chairman**

Dr. John Rice, Ph.D. is Chairman of the Board at Akebia Therapeutics, Inc. He is also working at Triathlon Medical Ventures.

Jason A. Amello **CFO & Senior Vice President**

Mr. Jason A. Amello has been the Chief Financial Officer, Senior Vice President, Treasurer of Akebia Therapeutics Inc since 2013. Prior to joining Akebia, Mr. Amello served as Executive Vice President, Chief Financial Officer, and Treasurer of ZIOPHARM Oncology, Inc., a biopharmaceutical company, from 2012 to 2013. From 2000 to 2011, Mr. Amello held various positions at Genzyme Corporation, most recently as Senior Vice President, Corporate Controller, and Chief Accounting Officer. Earlier in his career, Mr. Amello spent 10 years in the business advisory and assurance practice of Deloitte, serving in various roles of increasing responsibility through senior manager. Mr. Amello holds a BA from Boston College and is a Certified Public Accountant in the Commonwealth of Massachusetts.

Financial Results (Quarterly)

31 March, 2014

INCOME STATEMENT

Currency in USD	2014-03-31	2013-03-31	Change %
Revenue			
Operating expenses:			
Research and development	6,157,928	1,897,795	Up 224.5
General and administrative	3,751,319	678,923	Up 452.5
Total operating expenses	9,909,247	2,576,718	Up 284.6
Operating loss	-9,909,247	-2,576,718	Deterioration 284.6
Other income (expense):			
Grant income			
Interest income (expense), net	19,025	-754,114	Recovery
Extinguishment of debt and other liabilities		2,419,766	
Reimbursements from Aerpio	193,112	290,152	Down 33.4
Gain on cancellation of preferred stock future tranche rights			
Net loss and comprehensive loss	-9,697,110	-620,914	Deterioration 1,461.7
Reconciliation of net loss to net loss applicable to common stockholders:			
Net loss	-9,697,110	-620,914	Deterioration 1,461.7
Accretion on preferred stock	-86,899,555	-848,125	Deterioration 10,146.1
Loss on extinguishment of preferred stock			
Net loss applicable to common stockholders	-96,596,665	-1,469,039	Deterioration 6,475.5
Net loss per share applicable to common stockholders-basic and diluted	-4,337.0c	-309.0c	Deterioration 1,303.6
Weighted-average number of common shares used in net loss per share			
applicable to common stockholders'-basic and diluted	2,227,058	475,915	Up 368.0

BALANCE SHEET

Currency in USD	2014-03-31	2013-12-31	Change %
Assets			
Current assets:			
Cash and cash equivalents	126,319,457	21,215,228	Up 495.4
Investments	5,831,843	11,341,241	Down 48.6
Accounts receivable	119,395	135,339	Down 11.8
Prepaid expenses and other current assets	1,468,165	739,235	Up 98.6
Total current assets	133,738,860	33,431,043	Up 300.0
Equipment, net	164,204	30,366	Up 440.7
Deferred offering costs		1,078,138	
Other assets	125,345	125,345	Steady
Total assets	134,028,409	34,664,892	Up 286.6

Financial Results (Quarterly) (continued)

31 March, 2014

Liabilities, redeemable convertible preferred stock and stockholders' equity (deficit)

Current liabilities:

Accounts payable	2,077,302	714,137	Up 190.9
Accrued expenses	4,042,007	3,183,761	Up 27.0
Current portion of capital lease obligation	3,911	3,912	Down 0.0
Total current liabilities	6,123,220	3,901,810	Up 56.9
Capital lease obligation, net of current portion	7,364	8,004	Down 8.0
Other liabilities	30,434		
Total liabilities	6,161,018	3,909,814	Up 57.6

Redeemable convertible preferred stock; 0.00001 par value; 0 and 5,500,636 shares authorized at March 31, 2014 and December 31, 2013, respectively:

Series A redeemable convertible preferred stock; 0 and 734,538 shares issued and outstanding at March 31, 2014 and December 31, 2013; (Aggregate liquidation preference of 39,367,094 at December 31, 2013)

39,367,094

Series B redeemable convertible preferred stock; 0 and 1,287,525 shares issued and outstanding at March 31, 2014 and December 31, 2013; (Aggregate liquidation preference of 21,031,365 at December 31, 2013)

21,257,044

Series C redeemable convertible preferred stock; 0 and 3,302,885 shares issued and outstanding at March 31, 2014 and December 31, 2013; (Aggregate liquidation preference of 97,202,997 at December 31, 2013)

97,202,997

Total redeemable convertible preferred stock

157,827,135

Stockholders' equity (deficit):

Common stock; 0.00001 par value; 175,000,000 and 14,700,000 authorized at March 31, 2014 and December 31, 2013, respectively; 20,262,693 and 1,383,345 shares issued and outstanding at March 31, 2014 and December 31, 2013, respe

202

14

Up 1,342.9

Additional paid-in capital

201,203,384

Deficit accumulated during the development stage

-73,336,195

-127,072,071

Reduced 42.3

Total stockholders' equity (deficit)

127,867,391

-127,072,057

Recovery

Total liabilities, redeemable convertible preferred stock and stockholders' equity (deficit)

134,028,409

34,664,892

Up 286.6

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.
