

AVEO PHARMACEUTICALS INC

Form 10-Q

November 08, 2012

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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

**FORM 10-Q**

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2012

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission file number 001-34655

**AVEO PHARMACEUTICALS, INC.**

(Exact Name of Registrant as Specified in Its Charter)

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**Delaware**  
(State or Other Jurisdiction of

**04-3581650**  
(I.R.S. Employer

**Incorporation or Organization)**

**Identification No.)**

**75 Sidney Street, Cambridge, Massachusetts 02139**

**(Address of Principal Executive Offices) (Zip Code)**

**(617) 299-5000**

**(Registrant's Telephone Number, Including Area Code)**

**(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)**

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐

Accelerated filer ☒

Non-accelerated filer ☐ (Do not check if a smaller reporting company)

Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Number of shares of the registrant's Common Stock, \$0.001 par value, outstanding on November 1, 2012: 43,729,986

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**AVEO PHARMACEUTICALS, INC.**

**FORM 10-Q**

**FOR THE QUARTER ENDED September 30, 2012**

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**Table of Contents****PART I. FINANCIAL INFORMATION****Item 1. Financial Statements.****AVEO PHARMACEUTICALS, INC.****Condensed Consolidated Balance Sheets****(In thousands, except par value amounts)***(Unaudited)*

	September 30, 2012	December 31, 2011
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 114,103	\$ 43,506
Marketable securities	75,589	177,622
Accounts receivable	9,298	7,210
Prepaid expenses and other current assets	7,770	6,057
Total current assets	206,760	234,395
Marketable securities		54,312
Property and equipment, net	7,862	5,471
Other assets	308	121
Restricted cash	3,600	751
Total assets	\$ 218,530	\$ 295,050
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Accounts payable	\$ 10,259	\$ 8,904
Accrued expenses	18,358	14,289
Loans payable, net of discount	4,334	8,551
Deferred revenue	1,294	1,294
Other liabilities		1,249
Deferred rent	421	322
Total current liabilities	34,666	34,609
Loans payable, net of current portion and discount	21,624	15,619
Deferred revenue, net of current portion	18,714	19,684
Deferred rent, net of current portion	4,096	359
Other liabilities	1,238	1,238
Stockholders' equity:		
Preferred stock, \$.001 par value: 5,000 shares authorized; no shares issued and outstanding		
Common stock, \$.001 par value: 100,000 shares authorized; 43,735 and 43,254 shares issued and outstanding at September 30, 2012 and December 31, 2011, respectively	44	43
Additional paid-in capital	436,937	429,531
Accumulated other comprehensive loss	(9)	(167)
Accumulated deficit	(298,780)	(205,866)
Total stockholders' equity	138,192	223,541

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Total liabilities and stockholders' equity	\$ 218,530	\$ 295,050
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The accompanying notes are an integral part of these unaudited, condensed consolidated financial statements.

**Table of Contents****AVEO PHARMACEUTICALS, INC.****Condensed Consolidated Statements of Operations****(In thousands, except per share amounts)***(Unaudited)*

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Collaboration revenue	\$ 1,018	\$ 3,585	\$ 3,755	\$ 163,753
Operating expenses:				
Research and development	21,099	20,098	67,325	83,193
General and administrative	9,300	6,582	27,469	22,181
	30,399	26,680	94,794	105,374
Income (loss) from operations	(29,381)	(23,095)	(91,039)	58,379
Other income and expense:				
Other income, net	46	62	279	17
Interest expense	(888)	(953)	(2,613)	(2,911)
Interest income	101	168	459	332
Other expense, net	(741)	(723)	(1,875)	(2,562)
Net income (loss)	\$ (30,122)	\$ (23,818)	\$ (92,914)	\$ 55,817
Basic net income (loss) per share				
Net income (loss)	\$ (0.69)	\$ (0.55)	\$ (2.14)	\$ 1.44
Weighted average number of common shares outstanding	43,430	43,017	43,336	38,575
Diluted net income (loss) per share				
Net income (loss)	\$ (0.69)	\$ (0.55)	\$ (2.14)	\$ 1.38
Weighted average number of common shares and dilutive common share equivalents outstanding	43,430	43,017	43,336	40,377

The accompanying notes are an integral part of these unaudited, condensed consolidated financial statements.

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**AVEO PHARMACEUTICALS, INC.**

**Condensed Consolidated Statements of Comprehensive Income (Loss)**

**(In thousands)**

*(Unaudited)*

	<b>Three Months</b>		<b>Nine Months</b>	
	<b>Ended September 30,</b>		<b>Ended September 30,</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Net income (loss)	\$ (30,122)	\$ (23,818)	\$ (92,914)	\$ 55,817
Other comprehensive income (loss):				
Unrealized gains (losses) on available-for-sale securities	9	(360)	182	(276)
Foreign currency translation adjustment	(27)		(24)	
Comprehensive income (loss)	\$ (30,140)	\$ (24,178)	\$ (92,756)	\$ 55,541

The accompanying notes are an integral part of these unaudited, condensed consolidated financial statements.

**Table of Contents****AVEO PHARMACEUTICALS, INC.****Condensed Consolidated Statements of Cash Flows****(In thousands)****(Unaudited)**

	<b>Nine Months Ended September 30,</b>	
	<b>2012</b>	<b>2011</b>
<b>Operating activities</b>		
Net income (loss)	\$ (92,914)	\$ 55,817
Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities:		
Depreciation and amortization	1,752	1,198
Net loss on disposal of fixed assets	40	3
Stock-based compensation	6,110	4,280
Non-cash interest expense	299	655
Amortization of premium on investments	2,162	2,801
Changes in operating assets and liabilities:		
Accounts receivable	(2,088)	(9,356)
Prepaid expenses and other current assets	(1,724)	(710)
Other noncurrent assets	(187)	226
Restricted cash	(2,849)	(98)
Accounts payable	1,355	431
Accrued expenses	4,069	3,176
Deferred revenue	(970)	(11,900)
Other liabilities	(1,249)	
Deferred rent	3,836	(165)
Net cash (used in) provided by operating activities	(82,358)	46,358
<b>Investing activities</b>		
Purchases of property and equipment	(4,183)	(1,832)
Purchases of marketable securities	(109,996)	(309,204)
Proceeds from maturities and sales of marketable securities	264,361	150,093
Net cash provided by (used in) investing activities	150,182	(160,943)
<b>Financing activities</b>		
Proceeds from issuance of common stock, net of issuance costs		112,131
Proceeds from exercise of stock options and issuance of common and restricted stock		