



## Puma Bio Bullish Positions Accumulate after Strong Commercial Growth

**Ticker/Price:** PBYI (\$36.70)

### Analysis:

**Puma Bio (PBYI)** buyer of 1,000 April \$45 calls \$1.70 after 1,000 April \$40 calls bought and 2,400 Mar./22nd (W) \$35 calls. PBYI shares made a big run last week after a strong earnings report out of a long downtrend, a name that traded above \$130 back in late 2017. PBYI thrashed Street estimates with 229% Y/Y revenue growth from NERLYNX, its first commercial product, and expects milestones for its Phase 3 trial in third-line metastatic breast cancer, SUMMIT trial, in 2019. The 16% q-o-q growth was driven by an increase in patient refills in the specialty pharmacy channel, increase in demand in both the specialty pharmacy and distribution channels as well as a more favorable gross-to-net in 4Q. The \$1.5B Biotech trades 4.9X EV/Sales with profitability expected in 2021. PBYI expects partnerships to gain approval around the World for its product in 2019 and 2020. Analysts have an average target of \$44 on shares and short interest remains elevated at 18% of the float. Upcoming catalysts include NALA data presentation, updated SUMMIT trial and CONTROL trial as well as FDA feedback on development in Her2-mutant cancers in 1H19. Citi has a \$70 target noting With Puma Biotechnology's U.S. Nerlynx sales shaping up at \$300M in 2019, U.S. metastatic revenue coming in 2020, Europe launching in the first half of 2019 and rest-of-world territories with high royalties coming online in next 12-24 months, the Nerlynx brand is closing in on the \$500M mark "faster than many investors may appreciate." Leerink noted in January PBYI could draw M&A interest given the resurgence in oncology-focused M&A and scarcity of commercial-stage assets. Hedge Fund ownership rose 9% in Q4 filings, Sarissa Capital a notable buyer of a 6.09% weighting. as well as a new large stake from Great Point Partners.

### Hawk Vision:



**Trading Strategy:** PBYI fundamentals are improving and the near-term positioning is very suspicious. It certainly could attract M&A interest.

**Confidence Ranking:** \$\$