



## Bulls Active in PTC Therapeutics Calls into Key Events

**Ticker/Price:** PTCT (\$37.85)

### Analysis:

**PT Therapeutics (PTCT)** on Tuesday with afternoon buys of 1,500 May \$39 calls in aggressive sweeps \$2.70 to \$2.75 while 400 of the \$39 puts were bought at \$3.90 as well. PTCT on 4/10 saw 1,600 of the May \$40 calls bought to open as well. On the chart shares hit a high in 2018 near \$49 before selling off earlier this year to a low near \$27.50, now sitting near a 50% retracement of that range and forming a flag pattern, a break above \$39.50 targets a move to \$50. The \$2.2B Biotech trades 8.3X sales and revenues jumped 36% last year after two years of 125% and 135% growth as it is in a strong commercial stage. PTCT positioning is coming ahead of key catalysts including updated clinical data from the FIREFISH and SUNFISH studies, rolling submission of risdiplam in Type 1,2, and 3 SMA, and later this year potential for Brazilian approval of Tegsedi and a BLA filing for GT-AADC. Analysts have an average target of \$49 on shares and short interest at 9.8% of the float is up 35% Q/Q and hitting a new 1 year high. PTCT is receiving revenues from its DMD franchise while advancing the Oncology franchise. It sees \$1.5B sales potential for its two approved products, Translarna and Emflaza with \$800M by 2023 from those two products and an additional \$700M from Risdiplam, Tegsedi, and Gene Therapy. Risdiplam is seen as a potential \$2B product, partnered with Roche. CSFB was out with a \$51 target on shares in March, and notes the discussion is all about the gene therapy pipeline for AADC Deficiency and Friedreich's Ataxia. The company plans to present updated FIREFISH (type 1 SMA) and SUNFISH (type 2 SMA) part 1 data at AAN in May (while abstracts will be available a few weeks earlier, the actual data will not be made available until the presentations). The company indicated it will not provide data from FIREFISH part 2 (i.e. the Ph3 study) until all patients reach the 1 year mark (suggesting initial data will not be available until end 2019/early 2020). CSFB is increasingly confident in the gene therapy program. Bernstein started coverage last week at Outperform with a \$48 target on the commercial potential of Risdiplam in SMA and if safe and comparably efficacious to Biogen's (BIIB) Spinraza, forecasts \$2.5B revenues by 2030. Cantor Fitzgerald is a bull with a \$61 target on shares saying the market is not giving enough credit for the blockbuster potential of Risdiplam, Latin American sales potential from Tegsedi, and AADC gene therapy. It sees 2019 as a transformational year for revenue growth and diversification, and notes valuation of \$108/share on optimistic assumptions of success for its programs. Hedge Fund ownership fell 6.85% in Q4 filings, though Great Point Partners added to its large 5.3% weighted position. Boxer Capital holds PTCT as its 2<sup>nd</sup> largest position.

### Hawk Vision:



**Trading Strategy:** PTCT clearly carries plenty of risk and the rising short interest is a concern, though the name has seen pessimism for a long time and outperformed.

**Confidence Ranking:** \$\$