



ACADIA Pharma Bulls Position for Catalysts

Ticker/Price: ACAD (\$24.75)

Analysis:

Acadia Pharma (ACAD) with nearly 1,000 January \$28 calls bought for \$3.45 today in a stock replacement name which has over 1,600 September \$26 calls in OI from buyers in late April around \$3.25. ACAD also has 1,125 June \$24 short puts from early May in open interest. Shares are forming a bull wedge under \$27 with a breakout targeting \$33+ and continuation of the strong move from the December lows. ACAD has been a strong outperformer YTD relative to XBI up nearly 50% vs 12.5%. The \$3.7B biotech trades 15.5X sales and 9X cash with revenue growth of 43.4% and 87.8% over the next two years. They expect to reach profitability by 2021 and potential for \$1B in sales by 2022. ACAD is seeing strong uptake of Nuplazid with sales up 29% in May. They have key Phase 3 trials ongoing in MDD and Alzheimer's and expect data for Pimavanserin in schizophrenia due by mid-year. Analysts have an average target for shares of \$31 with 6 buy ratings and 4 hold ratings. Piper raising their PT in May to \$30 confident in Nuplazid growth as new patient adds continue to come in strong. They also see significant unrealized value for the company's dementia related psychosis programs. The firm thinks growth will continue as safety concerns slowly subside. Short interest is 7.8% and down from around 15% in October 2018. Institutional ownership fell 3.5% last quarter. Avoro Capital a buyer of 1.325M shares while Ghost Tree and Baker Bros. remain top holders (the latter with 39.7M shares). ACAD had a director buy \$234K in stock in 2018 around \$23.50.

Hawk Vision:



Trading Strategy: ACAD sets up well on the chart and has a number of catalysts as well as a commercial launch that makes it attractive at this stage of its cycle, alert set for \$27 level.

Confidence Ranking: \$\$