



## Bullish Positions in Exelixis Despite Sell-Off

**Ticker/Price:** EXEL (\$20.40)

### Analysis:

**Exelixis (EXEL)** yesterday with buyers in the November \$21 calls over 600X and also bullish spreads buying 2,500 November \$23 calls and selling the August \$18 puts. EXEL has seen buyers in the August \$22 calls recently as well as 7,500 August \$19 puts sold to open and 2,000 November \$16 puts sold to open. The June \$20 puts are also in OI over 4,000X from sellers in late April. Shares have pulled back from 52-week highs around \$25 and basing at November VPOC around \$18.75. Yesterday's strength moved it out of a downtrend and small range with a low-volume gap above \$21.50 back up to \$23. EXEL retraced 50% of the move from the November lows. The \$6.3B company trades 17X earnings, 7.38X sales, and 13.35X FCF. The company expects to make over \$1.50/share by FY21 with revenue growth of 20.8% and 20.3% through the next two years as Cabometyx's commercial launch takes hold. The drug is seeing strong uptake in RCC and HCC and a number of trials this year to expand its reach. The company expects combo studies with Opdivo and Yervoy in the 2H of the year in RCC, the CheckMate 9ER trial. MSCO upgraded shares to Neutral in March seeing limited downside with key trials later this year and scripts improving in the early part of this year. They have a \$28 PT. Cowen has a \$29 PT and believes that recent strong bids for oncology companies may put Exelixis at play for takeout. EXEL will be at the William Blair conference in early June and ASCO in late May/early June. Institutional ownership rose 1%. Consonance Capital sold their entire 6.6M share stake. AQR, Farallon, and Fierra Capital notable holders. Short interest is 5.6%.

### Hawk Vision:



**Trading Strategy:** EXEL has pulled back and based right above the key short put strike giving a nice reward/risk to trade against.

**Confidence Ranking:** \$\$